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HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

VOLUME IX, No. 3 November 8, 1984

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST NINE MONTHS OF 1984

Product	January-Sept.'84	% Jan.-Sept. '83 over Jan.-Sept. '84
Electricity (bil. kw. hrs.)	1086	105
Petroleum (w/ gas condensate) (mil.tons)	461	99.6
Natural gas (bil.cu.mtrs)	431	110
Coal (mil.tons)	535	99.3
Steel(mil.tns)	116	102
Fertilizer (mil.tons)	23.1	104
Metal-cutting tools (mil. rubles)	1779	108
Robots(units)	10.3	133
Computer Technology (mil.rubles)	2.7	112
Tractors(1000s)	37.5	102
Paper (mil.tons)	4.4	104
Cement (mil. tons)	97.7	102
Meat (mil. tons)	7.8	107
Margarine (1000 tons)	1.0	95
Watches(mils)	50.1	96
Radios(mils.)	6.9	100.9
Television sets (mils.)	6.7	104
Automobiles (1000s)	992	100.7

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST NINE MONTHS OF 1984

The most notable thing about the production figures for the first nine months of 1984 is that natural gas production rose by 14% in September 1984 compared to September 1983. That made possible an increase of 10% for the entire nine month period. The incremental growth in the month of September clearly represented an important accomplishment.

Contrasting with the growth in natural gas production is the drop in production in petroleum and coal. Petroleum production in September 1984 was 50 million tons compared to 51 in September a year ago. In contrast, last year production in September rose 2 million tons over what it had been in 1982. Based on the drop in production that occured so far this year in January, July and August, it appears very unlikely that Soviet petroleum production will equal the 616 million tons produced during 1983. In all likelihood the Soviets will still produce more than 600 million tons or approximately 12 million barrels a day, but there will be a drop and the Soviets will be lucky if they exceed 1981 production which was 609 million tons.

Similarly production also dropped in the coal industry.

CONTINUED.....

Production fell about 2% in September 1984 from what it had been in 1982. However that has been a recurring story, while the drop in petroleum production is a relatively new phenomenon.

Meat production is down a small amount in September compared to August. At the same time there does not seem to be much deterioration in the livestock herds. Given the shortage of fodder that has been widely reported in the Soviet Union, there should have been more distressed slaughtering, but that does not seem to have occured as yet.

CURRENCY FIGURES

Rubles Purchased Per 100	Oct. 1983	Sept. 1984	Oct. 1984
Austrian shilling	4.16	3.98	3.92
U.K. pound	114.27	107.46	104.65
W. German mark	29.22	27.95	27.43
U.S. dollar	76.00	84.55	86.00
French franc	9.57	9.11	8.95
Japanese yen	.327	.344	.346
Italian lira	.0482	.0454	.0446
Swiss franc	36.19	33.73	33.46

In keeping with the continuing trend, the currency exchange rates released by Gosplan for October 1984 reveal that all currencies, with the exception of the U.S. dollar and the Japanese yen, have decreased over the last month and over the last year, while the yen and dollar steadily increase.

THE RUSSIAN RESEARCH CENTER takes no official stand on any economic or political matter. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editor, Marshall I. Goldman.

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ENCLOSED in this Newsletter is an application form and program for the upcoming conference, titled: Are Soviet Military Expenditures Helpful As Well As Hurtful To The Civilian Economy?. The conference is scheduled for February 14th, to be held at the Harvard Faculty Club, 20 Quincy Street in Cambridge, and will run from 9:45 a.m. to 4:45 p.m. All those interested should fill out and return the form as soon as possible.

BALANCE OF TRADE FOR THE FIRST HALF OF 1984

The balance of trade figures for the first half of 1984 indicate some major shifts in Soviet policy. It is clear that the Soviets have made a determined effort to expand their exports and to decrease their imports. This reflects their concern about a growing deficit in their trade balance largely precipitated by the need to import more grain. Thus, a look at the table indicates that for the first half of the year, exports increased by 1.1 billion rubles. Similarly, despite higher grain imports, total imports were reduced by over 300 million rubles. That explains why the trade deficit from the countries listed was reduced from about 2 billion rubles in 1983 to under 100 million rubles in 1984.

It is also notable that Soviet imports from the United States rose by 400 million rubles, almost all of which was grain. At the same time, imports from Canada, New Zealand, Argentina, and Brazil all declined which suggests that those countries were having poorer harvests than normal. Despite the drop in purchases from these countries, the Soviet Union overall imported about 350 million rubles more from the grain exporting countries in the first half of 1984 than they did in 1983. The reports are that the Soviets also bought significant additional grain for delivery in the 3rd quarter in 1984. That should show up in the next report.

CONTINUED

The biggest purchaser of additional Soviet goods was West Germany. They increased their imports by about 700 million rubles. That probably reflects additional petroleum and natural gas imports. Just as in 1982, when the Soviets also expanded their exports significantly, the big jump in 1984 put the Soviet Union in a favorable trading position compared to West Germany. In other words, West Germany normally runs a trade surplus with the Soviets but both in 1982 and 1984 they ran a trade deficit.

SEE TABLE, PAGE 4

BALANCE OF TRADE - 1st HALF OF 1980, 1981, 1982, 1983, 1984

(Million Rubles)

	EXPORTS FROM THE USSR					IMPORTS TO THE USSR				
	1980	1981	1982	1983	1984	1980	1981	1982	1983	1984
Austria	280	392	346	271	381	160	258	251	380	481
Belgium	401	249	530	501	577	176	268	329	305	271
Great Britian	320	349	416	502	691	516	631	354	369	395
Greece	187	350	275	173	224	44	71	78	93	64
Denmark	122	74	199	157	153	39	151	42	42	51
Spain	104	156	77	148	163	67	323	101	148	152
Italy	893	1066	1362	1446	1503	429	498	592	793	679
Netherlands	567	430	715	895	727	178	344	217	314	132
Norway	27	28	37	30	50	39	58	34	53	46
Germany	1067	1207	2059	1614	2314	1603	1586	1525	1893	1726
France	930	1082	1168	1140	1238	937	922	727	973	907
Switzerland	173	90	181	257	187	205	291	224	211	196
Sweden	142	93	159	293	293	132	207	207	145	132
Japan	471	407	390	388	409	907	1168	1532	1237	1036
SUBTOTAL	5693	5973	7914	7815	8910	5432	6733	6213	6956	6268
Sub-Balance of Trade						-261	-760	+1701	+859	+2642
U.S.A.	87	57	76	132	139	764	892	1672	878	1272
Canada	15	28	14	19	9	321	489	554	651	388
Australia	3	8	6	3	6	441	381	411	278	312
New Zealand	1	2	3	1	3	115	96	166	108	31
Argentina	20	23	15	15	14	590	1060	840	798	727
Brazil	12	5	90	6	68	139	384	275	281	228
TOTAL	5831	6096	8118	7991	9149	7802	10035	10131	9550	9226
Balance of Trade						-1971	-3939	-2013	-1959	-77

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HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

VOLUME IX, No. 4 December 6, 1984

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST 10 MONTHS OF 1984

Product	Oct. 1984	Jan-Oct. 1984	%Jan-Oct. 83 over Jan-Oct. 1984
Electricity (bil.kw.hrs)	126	1213	105
Petroleum (inc. gas condensate) (mil.tns)	51.5	512	99.6
Natural gas (bil.cu.mtrs)	51.6	483	110
Coal (mil.tons)	59.6	594	99.5
Steel (mil. tons)	13.0	129	102
Fertilizer (mil.tons)	2.4	25.6	104
Metal-cutting tools (mil. rubles)	65.4	610	122
Robots (1000s)	1.0	11.3	131
Computer Technology (bil. rubles)	0.3	3.0	112
Tractors (mil.)	4.8	42.2	103
Paper (mil.tons)	0.5	4.9	104
Cement (mil. tons)	11.0	109	102
Meat (mil.tons)	1.0	8.0	107
Margerine (1000 tons)	0.1	1.1	95
Watches (mils.)	6.0	56.0	97
Radios (mils.)	0.8	7.8	102
Television sets (mils.)	0.8	7.5	105
Automobiles (1000s)	0.1	1.1	102

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST 10 MONTHS OF 1984

The Soviets continue to have difficulty meeting their petroleum and coal production targets. Petroleum production was down .1 million tons in October 1984 compared to October 1983. That is not as serious a drop as apparently occured in September, August, July or June of this year. Nonetheless, except for May of this year, production has been down in almost every month.

The cumulative total of the drop in production for the first ten months thus is 3 million tons below what it was in the comparable period a year ago. Assuming that the trend does not deteriorate in any drastic way in November or December, production will drop by at least 3 to 4 million tons for the year, and thus be equal to the output produced in 1982.

Coal production is experiencing similar difficulties. While coal production in October 1984 rose .7 million tons above what it was in 1983, output for the year is 3 million tons below what it was last year. Conceivably if output continues to improve that might be reduced by a million or 2 tons, but it is unlikely that coal production will be much higher than it was in 1983.

In other industries however the situation is considerably brighter. The growth in electricity production is up 1% over what it had been the year before for the

continues...

Industrial production...
first 10 months and natural gas production showed a 3% faster growth than last year. Those are the highlights. In other cases, steel production is not growing as fast, nor is fertilizer production, cement and meat production (among others). Undoubtedly however the situation in the petroleum and coal industries is a very serious concern.

SOVIETS ANNOUNCE A HALT IN THE DELIVERY OF PETROLEUM IN DECEMBER TO WEST EUROPEAN CUSTOMERS

The wire services have announced that the Soviet Union has declared that it will be unable to fulfill contract commitments for the month of December. The explanation was that production did not satisfy domestic needs.

The announcement, to say the least, is puzzling. While it is cold in the Soviet Union, there is very little to indicate that the weather is significantly colder than normal. In addition, a look at the production figures and the accompanying analysis indicates that while production is down somewhat from last year, it is not down sharply. In fact it is a very moderate decline of less than 1%. Since the Soviets have been exporting a considerable amount of their production, in past years and previous months of this year, it certainly seems unlikely that they suddenly ran short, unless there was an explosion or some major catastrophe somewhere.

The more likely explanation is that the Soviets have decided to pull back from foreign markets in an effort to strengthen prices. That may reflect an effort to compensate for their actions earlier in the year when they served to weaken prices. However, such an action casts doubt on their reputation as a reliable supplier and in the long run could offset any gain they might make by showing OPEC they can be counted on to support prices. It may also reflect the fact that the Soviets have apparently reduced the level of their grain purchases and therefore may not need hard currency as much as they did earlier.

CORPORATE SPONSOR SEMINAR #3

The next corporate sponsor seminar will be held on February 14th, and it will focus on "Are Soviet Military Expenditures Helpful As Well As Hurtful to the Civilian Economy?" The complete program and an application form is enclosed with this Newsletter.

SQUARE TABLE DISCUSSIONS

The Russian Research Center has inaugurated a new seminar format. We call it "Square Table Discussions" (largely because we have no round tables in our building). Enclosed with this Newsletter is a report of the second such conference that appeared in the Christian Science Monitor. The first seminar considered the firing of Chief of Staff, Marshall Nikolai Ogarkov. Among the many explanations was the fact that Ogarkov seemed to run counter to party policy in that he put more stress on conventional weapons than on missiles and nuclear weapons. There were also some who felt that he was dissatisfied because of the failure to provide enough economic resources and the failure of the Soviet economy to keep up in the field of high technology. Others suggested that Ogarkov might have been a victim of a power play between Romanov and some of the other members of the Politbureau.

Hereafter we will provide short summaries of future Square Table discussions for our readers.

* ENERGY CONFERENCE SUMMARY *

The October 22nd conference on Prospects for Soviet Energy proved a great success, and drew a large audience from the government and business sectors.

The morning panel reported on the

over....

Energy summary....

Resource Potential of the U.S.S.R., and featured Donald Voss of the CIA, James Clarke of the U.S. Geological Survey, and Gordon Hurlbert, President of GCH Management Services. The three speakers addressed the potential of most forms of Soviet energy, including natural gas and nuclear energy. The first afternoon panel focused on Coal Production, with Theodore Shabad, Editor of Soviet Geography, and Zeev Volfson, of the Israeli Environmental Protection Agency (a former Soviet geologist), giving their projections for the future. The last panel session discussed Foreign Energy Relations. Wilfred Czerniejewicz, Vice President of Ruhrgas, Michael Sellars of Shell Oil in London, and Marshall I. Goldman, Professor of Economics at Wellesley College, spoke on Soviet Gas in Western Europe, Energy Trade with U.S.S.R. & East Europe, and Soviet Oil Export Potential, respectively.

Jean Monahan

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TO THE EDITOR:

We are having some problem with the figures you report in your Newsletter on industrial production. In particular, the actual production of robots and computers causes us concern. For example, in the November Newsletter you list production of robots at 10.3. That is significantly understated. Similarly, you list computer technology as 2.7 million rubles worth of production. That similarly is understated. Would you please double check your figures?

Professor Seymour Goodman
Management & Information Systems
University of Arizona

EDITOR'S RESPONSE:

Professor Goodman is absolutely correct. We left out in the robots column the fact that these were in thousand units. Therefore, production of robots from January to September 1984 was 10,300. Similarly, the figures for computer hardware, which also includes spare parts, is in BILLION rubles. This does not by the way include software as far as we can tell. Thus, the output of computer hardware and spare parts totaled 2.7 billion rubles for the nine months of 1984. We apologize for any confusion this might have caused our readers.

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CURRENCY FIGURES

Rubles Purchased Per 100	Nov. 1983	Oct. 1984	Nov. 1984
Austrian shilling	4.12	3.92	4.01
U.K. pound	115.18	104.65	105.65
W. German mark	29.01	27.43	28.19
U.S. dollar	77.45	86.00	83.70
French franc	9.53	8.95	9.18
Japanese yen	.330	.346	.347
Italian lira	.048	.0446	.0454
Swiss franc	35.86	33.46	34.30

According to the currency exchange rates released by Gosplan for November 1984, some improvement is shown for most of the currencies listed above. The Austrian shilling, U.K. pound, W. German mark, French franc, Japanese yen, Italian lira and Swiss franc all increased over the last month. Nonetheless, all of them, with the exception of the Japanese yen, are still lower than they were last year at this time. The U.S. dollar has decreased over the last month.

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ARDEN HOUSE - THE NINTH ANNUAL CONFERENCE

The Arden House conference on East-West Relations will meet in 1985 from March 29th, Friday evening, to March 31st, Sunday noon. The theme of the conference this year will be on AMERICAN-SOVIET RELATIONS: THE NEXT FOUR YEARS.

The program is just about complete and will be sent out in early January. However we can announce now that General Brent Scrowcroft will be the first speaker on Friday night. There will also be sessions on economic reforms, on improving our predictions about Svoiet agriculture, and the prospects for trade. On the political side, there will be a panel discussion about how American policy towards the Soviet Union is formulated and also our traditional Congressional session.

Application forms will be ready in few weeks but you should mark your calendars now.

SOVIET TRADE WITH EASTERN EUROPE

The Soviet trade surplus with its East European allies increased. That is not something the Soviets normally seek. They are not interested in a trade surplus as much as they are in trade balance. Such balance continues to exist with Rumania. The trade surplus with Poland increased somewhat from what it had been in 1983. The only country that sells more to the Soviets than the Soviets export is East Germany. This is the first time that has happened in three years.

(see page 5)

SOVIET BALANCE OF TRADE WITH EASTERN EUROPE FOR THE FIRST HALF OF 1984

(in million rubles)

	Exports from U.S.S.R.			Imports to U.S.S.R.		
	1982	1983	1984	1982	1983	1984
Bulgaria	2372	2880	3174	2259	2573	2823
Czechoslovakia	2460	2855	3346	2491	2766	2996
GDR	3093	3321	3583	2902	3228	3772
Hungary	1991	1961	2266	1793	1886	2042
Poland	2363	2595	2916	1880	2382	2594
Romania	660	849	952	921	891	943
	12940	14461	16237	12246	13726	15170
	+694	+735	+1,067			

...

"The overall choreography of news and advertising is as packaged as the Nixon campaign was in 1972," says Kathleen Hall Jamieson, a communications expert at the University of Maryland.

... on [illegible] performance by the President in the first debate. Many Americans were disappointed, she says, but prepared to believe that was an off night for Reagan.

On the hustings, the Reagan campaign demonstrated

Please see MEDIA page 6

Atwood, executive director of the Democratic Senatorial Campaign Committee.

The two cases symbolize both the progress and the problems for women in politics. In some ways 1984 has

Please see WOMEN next page

EARL W. FOELL

Creating Chernenko the Strong: the Kremlin reshapes an image

Boston

WE complain — with reason — about democratic leaders who read the polls and then reshape their image to fit what their constituents want. It appears that the men in Moscow's Politburo are increasingly following the same technique, even without polls for guidance.

Kremlin leaders seem to be orchestrating a minor deluge of events and images converting Konstantin Chernenko the Weak into Chernenko the Strong. Beyond that, there are signs that they are trying to reverse his initial image as a protector of party cronies, and show him to be carrying on the popular anticorruption campaign of his predecessor, Yuri Andropov.

As Soviet scholar David Powell observed recently, "We had Khrushchevism without Khrushchev after he was deposed. Now we are seeing Andropovism without Andropov."

What does the new picture of a boldly active Chernenko mean?

Most specialists discard the idea that the Soviet President and party leader has dynamically assumed a dominant Brezhnev-type position. But beyond that there are differences.

Columbia University Sovietologist Seweryn Bialer says he believes the youngest Politburo member, Mikhail Gorbachev, has made an alliance with Chernenko. Bialer's thesis is that Gorbachev and his followers, who have a hold on the party Secretariat, are helping to create a "strong" Chernenko in return for his support for continued Andropov housecleaning. They are allowing Chernenko a short period of fame in return for a chance to shake up management of the country.

But Marshall Goldman, a Harvard expert on the Soviet economy, notes that other Kremlinologists are less sure that Gorbachev and his associates are pulling the strings. He mentions recent signs that Gorbachev's power as heir apparent may be momentarily shaky.

What seems unassailable is the fact that Mr. Chernenko's image has been dramatically reversed in the past six weeks. And the new image fits popular desires in the USSR for a strong leader and for one who metes out discipline to the most visibly corrupt.

The enlargement of the General Secretary's persona was the subject of a recent Square Table Discussion at Harvard's Russian Research Center. The lunch sessions gather Soviet scholars from different disciplines, émigrés, and visiting experts to discuss current developments in the USSR.

Boris Rumer, a fellow at the RRC and formerly an economist in Moscow, laid out dramatic evidence of Chernenko-reshaping. Most of Rumer's evidence comes directly from Pravda, the Communist Party newspaper.

Rumer's chronology: On Sept. 5, a Pravda editorial pledges not to divert budget from the civilian economy — consumers — to defense spending. On Sept. 6, President Chernenko reappears to the world after an absence of 53 days, greeting cosmonauts. On Sept. 7, Pravda reports Marshal Ogarkov, the chief of staff who wanted to arm Soviet troops with more high-tech conventional weapons, is sent to a lesser job. On Sept. 9, Pravda unveils a campaign against mismanagement in the Moscow District Party Committee.

Then, between Sept. 19 and Oct. 12, Chernenko's picture appears in Pravda 10 times, an unusually high frequency. He is also intensively quoted. Published Politburo minutes cite him frequently. By contrast, Politburo veteran Andrei Gromyko, who has been busy meeting world leaders at the UN and President Reagan in Washington, is pictured only three or four times.

On Sept. 28, Chernenko is named a Hero of Socialist Labor. The award is unusual, since it usually comes to Soviet leaders on a birth anniversary divisible by five — such as 70 or 75. Chernenko is 73.

Meanwhile, the anticorruption campaign started by Andropov has returned to the pages of Pravda with vigor. On Oct. 6, there is a report of a lengthy speech by Chernenko to the People's Control Committee. He emphasizes the campaign to root out managerial corruption. On Oct. 8, Pravda uses a scolding tone in reporting the dismissal of a deputy to the Minister of Electrification for corrupt behavior. Next, it publishes a major article about officials in the big industrial city of Kursk. Pravda cites several cases of scandal and corruption. In one, the regional party secretary and the chief of a liqueur plant are implicated in a drinking scandal. In another, a deputy police chief is involved in an attempted rape in which a woman falls or is thrown from a third-floor window. On Oct. 20, the paper prints an accusation aimed at a high-ranking official in the chemical industry. Another article details official corruption in Odessa.

What is unusual and unmistakable is Pravda's insistence on publicizing these examples of party and managerial misdeeds. Mr. Rumer notes that one can draw two opposite conclusions from the seemingly ubiquitous Chernenko and his muckraking party newspaper: (1) that he has indeed become more powerful than before his disappearance last summer; (2) that his buildup is a smokescreen for the manipulation of power by others.

Rumer votes for the second explanation. He notes, in particular, an Oct. 7 Pravda review of a book of Andropov's speeches. Its overall impact is to glorify the late Soviet leader. "Andropov's followers," argues Rumer, "are more and more powerful."

Earl W. Foell is editor in chief of The Christian Science Monitor.

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HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

VOLUME IX, No. 5 January 9, 1985

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST 11 MONTHS OF 1984

Product	Nov. 1984	Jan. Nov.- 1984	% Jan-Nov. 1984 over Jan-Nov.1983
Electricity (bil.kw.hrs)	133	1345	105
Petroleum (inc. gas condensate) (mil.tons)	49.7	562	99.6
Natural Gas (bil.cu.mtrs)	51.1	534	110
Coal(mil.tons)	57.0	651	99.6
Steel (mil.tons)	12.7	142	102
Fertilizer (mil.tons)	2.6	28.2	104
Metal-cutting tools (mil. rubles)	189	2162	108
Robots (1000s)	0.7	12.0	130
Computer Technology (bil. rubles)	0.3	3.3	112
Tractors(mils.)	4.3	46.6	104
Paper (mil. tons)	0.5	5.3	103
Cement (mil. tons)	10.7	119	102
Meat(mil. tons)	0.8	8.8	106
Margerine (1000 tons)	0.1	1.3	96
Watches(mils.)	5.3	61.3	97
Radios(mils.)	0.8	8.5	101
Television sets (mils.)	0.7	8.2	105
Automobiles (1000s)	0.1	1.2	101

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST 11 MONTHS OF 1984

The Soviets continue to have production problems in the petroleum industry. For the six month in a row, petroleum production has been down from the corresponding month of 1983. For November 1984, production was 49.7% compared to 50.0% in 1983. At the current rate, the Soviets will be able to produce not much more than 613 tons for all of 1984, the figure we predicted in last month's Newsletter. That will be about equal to what they produced in 1982. That is no major disaster but clearly it will be a disappointment. Similarly, coal production also continued to drop in November 1984.

In contrast, natural gas production continues to increase at a very impressive rate. In fact, natural gas production shows one of the highest rates of growth of any Soviet industry. For November 1984, production increased almost 9 1/2% above what it had been in November 1983, and for the 11 months as a whole, production shows slightly less than a 10% increase. In our next Newsletter we should be able to have the production results for all of 1984.

CURRENCY FIGURES

Rubles Purchased Per 100	Dec. 1983	Nov. 1984	Dec. 1984
Austrian shilling	4.09	4.01	3.95
U.K. pound	112.70	105.65	102.33
W. German mark	28.73	28.19	27.68
U.S. dollar	79.25	83.70	85.85
French franc	9.41	9.18	9.03
Japanese yen	.337	.347	.348
Italian lira	.048	.0454	.0448
Swiss franc	35.86	34.30	33.58

According to the currency exchange rates released by Gosplan for December 1984, all currencies listed above, with the exception of the U.S. dollar and the Japanese yen, have decreased over the last month and over the last year. The Japanese has had only a slight increase, however.

ARDEN HOUSE - THE NINTH ANNUAL CONFERENCE

The program for the Arden House conference on East-West Relations (March 29-31st) was sent out to the subscribers of this Newsletter last week. If you don't receive your invitation in due time, please let us know and we will send out a copy.

We are pleased to announce an addition to the program. Congressman Les Aspin has indicated that he also expects to attend the conference. This means that our Congressional panel will consist of four Congressmen and at least one Senator. We do expect to hear from additional Senators as well. Since interest in the Soviet Union seems to be at a new high, we urge those who expect to attend to return their application forms early to insure a reservation.

++L A S T C A L L ++
CORPORATE SPONSOR SEMINAR #3

This will be the lasting mailing for the corporate sponsor seminar to be held Thursday, February 14th, entitled "Are Soviet Military Expenditures Helpful As Well As Hurtful to the Civilian Economy?" (For those who attend regularly, they should note that it is on a Thursday, not a Monday). A complete program and an application form are enclosed with this Newsletter.

There is one addition to the program — David Holloway, currently at the Center for International Security and Arms Control at Stanford University, will join us as a panelist.

THE RUSSIAN RESEARCH CENTER takes no official stand on any economic or political trend. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article or unless otherwise stated, with those of the editor, Marshall I. Goldman.

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Marshall I. Goldman

The Geneva Scene

The Washington Post
January 8 1985

GENEVA—If an expectant world could will it, the George Shultz-Andrei Gromyko meetings in Geneva would mark a turning point. Although many realize that the world's problems are too complex to be settled by two senior statesmen in two days, this could nonetheless be an important, even historic, meeting.

But here on the spot, the deeper implications are being superseded. The outpouring of press, former ambassadors, academics and intelligence specialists from all over the world almost seems to be more important than the event itself. The media and their camp followers, both in terms of numbers and style, have assumed such a presence that they threaten periodically to transcend the message.

There are more than 1,000 correspondents from around the world cluttering hotel lobbies and preempting hotel floors with broadcasting equipment and media stars. Only the Swiss could handle so many anchormen simultaneously without provoking incidents both diplomatic and psychological. Not just Peter Jennings, Marvin Kalb and David Hartman are here but also a Moscow commentator, Valentin Zorin, not to mention squads of Japanese, Europeans, Chinese and even a solitary Pole—without a cameraman.

The weather makes its own contribution to the circus atmosphere. Shultz's plane lands as the sun rises over Geneva. Gromyko flies in as the sun sets, propelled by a bone-chilling Siberian blast that plunges Geneva's temperatures to the lowest they have been since 1956. Portent or cliché?

The large U.S. delegation with its offsetting representatives from right and left, from the State Department and from the Pentagon, plus those speaking for President Reagan, resembles not so much a tight negotiating team as the archetypal balanced ticket for the New York Democratic Party —or a casting party for Strobe Talbott's "Deadly Gambits." By contrast, under the no-nonsense leadership of Gromyko, the Soviet side looks like a well-rehearsed Greek chorus.

Yet, as distracting as it is, the atmosphere should not mask the remarkable change that has occurred in the last year and a quarter. Where the Shultz-Gromyko meeting of late 1983, after the downing of Korean Air Lines 007, was preceded by recriminations and warnings, the current meetings were ushered in by mutual protestations of good faith and most notably by an almost unprecedented apology from the Soviet Union for its wayward cruise missile over Norway and Finland. This spirit is further enhanced by a rare greeting in English at the airport from what we normally regard as that inveterate *nyet* sayer, Andrei Gromyko.

None of this means that the intractable issues have suddenly become tractable. TV spots of Swiss yodelers and mountain horn blowers do nothing to resolve serious disputes. But there may be some utility to this media extravaganza and the resulting three-network circus. The intense public interest serves to remind Shultz and Gromyko, if they need reminding, that there is a vast audience out there. While there is a risk that this pressure may be perverted into a form of negotiating blackmail, it could also develop its own reinforcing dynamic and spur the extra effort that on rare occasion actually makes a difference.

The writer is a professor of economics at Wellesley College. He is serving as a consultant in Geneva to ABC's "Good Morning, America."

11/06/84
18:47:41

Leading items in U.S. imports for consumption from USSR in January-September 1984, 1981, 1982, 1983, January-September 1983, and January-September 1984

(Customs value, in thousands of dollars)

TSUSA Number	Description	1981	1982	1983	January-September-- 1983	January-September-- 1984
4806540	Anhydrous ammonia	78,414	88,765	85,722	52,136	99,820
4751015	Light fuel oils a tcr 25deg	80,706	0	48,913	42,762	98,794
6050260	Palladium, palladium	31,142	24,836	41,849	32,642	46,324
4803000	Urea, nspf	0	10,434	38,913	28,694	37,000
6050750	Palladium bars plates etc	2,815	1,685	4,343	4,343	10,829
4750535	Heavy fuel oils un 25 deg	0	15	0	0	9,082
4805000	Potassium chloride or	0	4,680	4,134	3,305	8,996
1241045	Sable furskins, whole, raw	8,120	7,164	7,803	6,615	7,998
4751035	Heavy fuel oils 25 deg api	9,467	0	0	0	6,029
1143000	Crabs fresh chilled frozen	0	2,107	12,798	6,913	5,644
6180650	Unwrought alloys of aluminum	0	219	137	137	4,981
1693800	Vodka in containers not over	5,799	7,173	9,883	8,325	4,673
6181000	Aluminum waste & scrap	2,996	0	0	0	3,790
6050710	Platinum bars,plts sheets nt	1,413	1,197	2,356	2,356	3,331
6050270	Rhodium, rhodium content	3,475	3,475	2,105	1,947	2,996
4011000	Benzene	0	0	0	0	2,985
4017415	Ortho-xylene	0	0	0	0	2,554
7650300	Paintings, pastels, drawings	96	115	3,102	96	1,998
2401440	Plywood, birch face not face	3,209	1,374	2,283	2,123	1,952
6063542	Ferosilicon, contng 30%	0	0	0	0	1,816
2452028	Hardboard, not face finished	1,977	1,569	1,359	1,040	1,448
6050220	Platinum sponge platinum	4,626	3,961	3,003	1,855	1,374
4257000	Acetic acid	0	0	0	0	1,365
6063546	Ferosilicon cont ovr 30%	0	0	2,884	671	1,319
4800500	Limestone for fertilizer	0	0	2,210	2,210	1,205
1693700	Vodka in containers not over	1,486	2,173	1,220	899	1,114
6052020	Gold bullion, refined	21,368	1,493	1,438	943	948
4016400	Pseudocumene	0	0	0	0	812
3798311	Mens wool suit-type coats &	0	0	0	0	784
1133000	Sturgeon roe fresh, chilled	1,203	1,822	788	474	688
	Total	258,251	163,377	277,158	200,484	364,569
	Total, all items imported from USSR	357,424	228,792	341,893	252,232	376,921

Source: Compiled from official statistics of the U.S. Department of Commerce.

11/09/84
20:21:59

Leading items in U.S. domestic exports to USSR in January-September 1984, 1981, 1982, 1983, January-September 1983, and January-September 1984

1

(F.a.s. value, in thousands of dollars)

Sched B Number	Description	1981	1982	1983	January-September--	
					1983	1984
1306540	Wheat, unmilled, not donated f---	772,563	882,182	800,584	496,522	877,647
1303465	Yellow corn, not donated for r---	781,675	818,768	390,915	138,161	689,201
3001860	Cotton, not carded, not combed---	0	67	61,338	60,892	148,668
4807025	Phosphoric acid, 65% or more a---	166,882	268,485	214,810	154,632	142,102
7905510	Pressure sensitive tape with a---	19,692	36,895	58,650	49,332	35,563
1775640	Tallow, inedible----------	48,589	17,887	21,585	17,206	29,745
1001550	Other cotton having a staple l---	0	0	10,885	10,885	18,739
1754100	Soybeans, except seed for plan---	8,432	171,264	157,162	47,896	14,039
4754555	Insulating or transformer oils---	16,139	27,928	13,923	11,938	13,104
6923820	Parts, nspf, of tracklaying tr---	48,538	25,651	16,220	13,543	11,113
1201400	Cattle hides, whole----------	0	0	10,575	8,987	10,184
4461561	Synthetic rubber, not containi---	0	0	8,191	7,031	9,948
6923840	Parts, nspf, of tractors, exce---	35,387	17,195	14,628	13,604	9,799
1762520	Linseed oil, crude----------	6,080	0	0	0	9,127
6840586	Parts, nspf, of boring and dri---	156	28,883	12,978	12,170	8,308
1454380	Almonds, shelled, not blanched---	16,003	10,043	2,341	2,341	7,392
3094222	Rayon fibers in noncontinuous---	0	0	6,176	6,176	6,563
6505468	Parts, nspf, of industrial gas---	368	23	17,144	13,157	5,238
5175120	Petroleum coke, calcined--------	33,055	34,269	3,125	3,125	4,950
3382600	Fabrics, woven, of manmade fib---	8,305	6,841	6,960	4,543	3,704
6840513	Drilling and boring machines,---	0	1,512	1,757	454	3,656
6605440	Parts nspf of diesel engines f---	8,275	7,728	6,836	5,058	3,532
6923160	Tracklaying tractors, new, 345---	56,746	51,037	3,628	3,628	3,316
6640591	Parts, nspf, of earth-moving a---	2,189	1,947	5,166	1,433	2,867
6922985	Parts, nspf, of motor vehicles---	4,874	5,721	1,679	1,552	2,710
2500284	Chemical wood pulp, special al---	250	0	2,760	0	2,382
6852040	Bullion, silver content---------	0	0	3,454	3,454	2,249
6016100	Zinc ore----------	0	0	0	0	2,235
6603040	Parts, nspf, of steam turbines---	12	1,946	1,943	1,943	2,083
4040580	Hydrocarbons, cyclic, excl der---	0	0	0	0	2,043
	Total----------	2,032,443	2,326,591	1,854,529	1,089,568	2,082,200
	Total, all items exported to USSR----------	2,338,818	2,588,975	2,001,951	1,194,882	2,154,084

Source: Compiled from official statistics of the U.S. Department of Commerce.

11/15/84 17:55:08

Leading items in U.S. imports for consumption from EASTERN EUROPE in January-September 198
1981, 1982, 1983, January-September 1983, and January-September 1984

(Customs value, in thousands of dollars)

TSUSA Number	Description	1981	1982	1983	January-September--	
					1983	1984
4753500	Naphthas derived petroleum,-----	49,975	19,786	24,617	0	162,430
4752520	Gasoline----------	98,241	69,846	207,709	145,160	107,372
4756530	Liquid derivatives of----------	0	0	0	0	85,000
1073525	Pork hams & shoulders, boned,----	127,271	87,489	119,996	91,614	80,625
6923288	Parts nspf of motor vehicles----	21,079	12,045	18,748	13,617	31,425
6076625	Plates ios not cut etc a not c--	0	0	0	0	29,166
4803000	Urea, nspf----------	2,893	1,768	10,885	7,105	28,476
6182563	Aluminum sheets and strip, n--	0	0	0	0	25,236
6078360	Steel sheet pickled and/or------	0	0	561	344	23,833
1702000	Cigarette leaf, not stemmed,----	18,391	17,659	25,835	21,859	13,861
4751015	Light fuel oils a ter 25deg-----	8,908	7,701	36,246	28,242	13,392
6071700	Steel wire rods no alloy not----	114	2,265	8,763	6,485	12,486
6869030	Other lamps including----------	9,330	11,456	10,707	7,715	11,492
7004540	Footwear, leather, cement-------	14,211	20,568	21,439	16,067	11,453
4750535	Heavy fuel oils un 25 deg-------	0	0	10,852	10,852	11,147
3795565	Mens and boys suits manmade-----	0	3,796	3,314	3,226	10,049
3359500	Other woven fabric of veg-------	10,697	12,789	6,063	4,155	9,526
3798355	Mens or boys other wool nkt----	0	13,891	9,470	8,173	8,823
4806510	Ammonium nitrate----------	0	0	849	849	8,738
6923460	Parts of agricultural----------	10,718	8,704	5,094	1,415	8,489
6081330	Ir o st sht, zinc coated not----	0	0	1,355	814	8,244
1922520	Hops, nspf----------	0	8,424	5,733	5,588	7,663
6104225	Oilwell casing api not alloy----	0	0	274	274	7,483
4805088	Potassium chloride or----------	4,150	3,290	8,557	5,511	7,149
7271500	Furniture and parts of----------	7,386	7,686	7,828	5,466	6,994
6898841	Steel channels not alloyed------	5,146	233	1,946	857	6,591
5466820	Imblrs, qblts, & stmwre ov------	8,200	6,752	8,491	6,391	6,528
6923486	Tractors, wheel ex gardn new----	18,754	12,192	5,653	4,149	6,525
4806558	Nitrogen solutions----------	0	0	4,654	683	6,338
6462622	Nails etc iron/steel, smooth----	5,469	1,956	4,961	3,481	6,018
	Total----------	484,932	330,129	566,394	399,212	762,549
	Total, all items imported from EASTERN EUROPE-------	1,184,865	823,691	1,010,479	744,933	1,171,965

Source: Compiled from official statistics of the U.S. Department of Commerce.

11/15/84
17:59:46

Leading items in U.S. domestic exports to EASTERN EUROPE in January-September 1984, 1981, 1982, 1983, January-September 1983, and January-September 1984

(F.a.s. value, in thousands of dollars)

Sched B Number	Description	1981	1982	1983	January-September--	
					1983	1984
1754100	Soybeans, except seed for plan--	49,620	84,751	125,856	108,342	130,620
1303465	Yellow corn, not donated for r--	914,105	296,923	118,231	91,935	76,113
1201400	Cattle hides, whole----------	39,027	61,456	65,428	50,439	64,316
1845260	Soybean oil cake and oil-cake---	275,628	83,778	121,520	63,968	48,627
5809500	Other fertilizers, including c--	0	0	32	32	36,790
8183988	Commodities nspf, donated for---	4,608	20,489	48,648	26,953	23,413
4807050	Concentrated superphosphate, 4--	37,150	27,137	28,961	16,433	20,695
1160100	Butter----------	44,486	17,513	16,453	13,979	16,480
1304040	Grain sorghum, except seed------	0	0	0	0	15,135
5213110	Low volatile bituminous coal a--	15,399	11,180	16,145	10,631	13,382
1755140	Sunflower seed, except confect--	0	0	0	0	11,673
1306540	Wheat, unmilled, not donated f--	54,589	14,228	6,139	6,139	7,837
1314030	Wheat flour, except durum and---	115	7,780	7,382	5,802	7,190
1301040	Barley, nspf----------	10,704	0	7,002	4,763	7,045
1765260	Soybean oil, fully refined, de--	0	8,756	7,672	4,668	6,332
6923840	Parts, nspf, of tractors, exce--	4,462	6,923	3,879	2,707	5,772
8183400	Apparel privately donated (rel--	1,950	3,911	5,490	3,589	5,338
8183100	Food products, nspf, donated f--	4,512	14,437	4,876	3,424	5,117
1155020	Nonfat dry milk containing not--	2,125	3,238	10,123	8,708	4,808
6448588	Parts, nspf, of excavating mac--	133	621	3,646	3,178	4,720
1706530	Cigarettes----------	10,694	3,277	6,206	5,875	4,493
8188000	Shipments valued $10,000 and u--	0	0	0	0	4,269
6765560	Parts, nspf, of automatic data--	5,672	5,706	4,992	3,554	4,195
6603040	Parts, nspf, of steam turbines--	38	0	6	0	3,969
4808010	Monoammonium----------	0	0	0	0	3,252
4331035	Compound catalysts, nspf--------	1,671	4,840	2,370	2,265	2,865
5404200	Glass rods, tubes, & tubing, n--	3,010	2,722	3,246	2,536	2,832
8184000	Used wearing apparel and other--	1,016	6,116	3,549	2,908	2,729
4807025	Phosphoric acid, 65% or more a--	0	0	0	0	2,582
1777390	Animal oils, fats, and greases--	0	215	1,697	987	2,555
	Total----------	1,488,712	685,993	610,656	443,216	545,142
	Total, all items exported to EASTERN EUROPE----------	1,898,029	996,387	876,695	647,932	654,948

Source: Compiled from official statistics of the U.S. Department of Commerce.

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HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

VOLUME IX, No. 6 February 8 1985

INDUSTRIAL PRODUCTION FIGURES

Product	Jan-Dec 1984	% 1984 over 1983
Electricity (bil.kw.hrs)	1493	105
Petroleum (inc. gas condensate) (mil.tons)	613	99.4
Natural Gas (bil.cu.mtrs)	587	110
Coal(mil.tons)	712	99.5
Steel (mil.tons)	154	101
Fertilizer (mil.tons)	30.8	104
Metal-cutting tools (mil. rubles)	2385	109
Robots (1000s)	13.7	125
Computer Technology (bil. rubles)	3.6	111
Tractors (mils.)	50.9	103
Paper (mil. tons)	5.9	103
Cement (mil. tons)	130	101
Meat(mil. tons)	16.7	102
Margerine (1000 tons)	1.4	96
Watches(mils.)	67.1	97
Radios(mils.)	9.4	101
Television sets (mils.)	9.0	105
Automobiles (1000s)	1.3	109

PRODUCTION FOR 1984

The production results for 1984 compared to 1983 provide a mixed picture. 1983 was a particularly good year compared to 1982. In contrast, some industries did better in 1984 than they did in 1983, in terms of increase and industrial production, but the rate of growth is not quite as high for many industries as it was in 1983. In particular, the rate of growth, although positive, is lower for industries such as the steel industry, fertilizer industry, and the paper and cement industries. Similarly, meat production grew at a slower rate in 1984 than it did in 1983.

At the same time, the rate of growth of electricity generation was higher in 1984 than it was in 1983, and most spectacular of all, natural gas production grew at a rate of 10% in 1984 whereas it grew at only 7% in 1983.

The biggest disappointment however is one that we have been anticipating for some time -- that is, oil production fell 3 million tons below what it had been in 1983. Similarly, coal production is down by 4 million tons, although that's an older story.

There is also a hint that everything is not going according to plan in the truck industry. The Soviets omitted any report on truck production for 1984.

On the whole, however, conditions under Chernenko in 1984 continue to be better than they were (at least in terms of economic growth) under the last few years of Brezhnev.

CIA REVISES ITS ESTIMATES OF PRODUCTION IN 1979

Given the fact that 1979 was a bad year not only in terms of a very disappointing harvest, but also in terms of significant drops in industrial production, it was always a bit of a surprise that the CIA's estimate of the growth in GNP for 1979 showed any growth at all. The CIA report for 1982 indicated that the Soviet GNP in 1979 had risen .8% In 1983, they lowered that estimate to an increase of .4% The most recent calculation prepared for the 1984 report, shows a growth of .2% While the difference in the higher and lower figure is not all that significant, it does indicate a drop and it would not be surprising if in future recalculations, the figure actually shows a negative rate of growth.

BALANCE OF TRADE FOR THE FIRST NINE MONTHS OF 1984

The Soviets have sharply curbed their imports from the non-grain growing companies of Western Europe and Japan. As our table indicates, for the first 9 months of 1984, imports from 14 of the Soviet Union's most important trading partners in the capitalist world fell by almost 700 million rubles. At the same time, their exports rose by over 1.5 billion rubles. The result was that they ended up with a trade surplus of 4.5 billion rubles in their dealings with those countries. Over all, despite the fact that their grain purchases seemed to have increased, particularly from the United States, they still ended up with a trade surplus. That's the first time there has been a straight indication of a balance of trade surplus for trade with hard currency countries in the Soviet foreign trade handbook. This of course excludes arms, sales or export of precious metals. Yet compared to their trade posture in 1983 or even more sharply 1981, this represents a radical shift in their export and import postures. That also means that for most of the trading partners there also was drop in exports to the Soviet Union, or as reflected in Soviet statistics, imports from the capitalist world.

For American readers, the most notable change was the very sharp increase of Soviet imports from the U.S. They rose by 700 million rubles and consisted primarily of grain.

NEW INFORMATION ABOUT LABOR PRODUCTIVITY AND WAGE INCREASES

Like most of the capitalist world, the Soviets seem to be having problems holding wage increases to productivity gains. In a recent article, Dr. E. Rusanov laments the fact that in 1982 wages rose 1/3rd faster than labor productivity. He compares that to the first half of the 1950s, when wages rose only .23% for every 1% increase in productivity. Those were the days. When Khrushchev finally took over from Stalin, during the second half of the 1950s, wages were still constrained, although they rose .45% for every 1% increase in labor productivity.

Dr. Rusanov is particularly concerned about the construction and railroad transportation sectors, where for example in construction, productivity lags behind the growth of wages by about .25%. The one serious consequence of all this is the fact that this has an inflationary potential. That is further reflected in the article when the author points out that from 1970 to 1983, the wage fund grew by 90% whereas retail sales grew by only 81%.

CURRENCY FIGURES

Rubles Purchased Per 100	Jan. 1984	Dec. 1984	Jan. 1985
Austrian shilling	4.02	3.95	3.95
U.K. pound	112.90	102.33	99.38
W. German mark	28.51	27.68	27.81
U.S. dollar	80.30	85.85	87.95
French franc	9.32	9.03	9.08
Japanese yen	.342	.348	.346
Italian lira	.047	.0448	.0452
Swiss franc	35.77	33.58	33.13

According to the currency exchange rates released by Gosplan for January 1984, the U.K. pound, Japanese yen and Swiss franc all decreased, while all other currencies increased -- the Austrian shilling remaining the same. Over the last year, all currencies, with the exception of the U.S. dollar and Japanese yen, have decreased.

ARDEN HOUSE - THE NINTH ANNUAL CONFERENCE

The program for the Arden House conference on East-West Relations (March 29-31st) was sent out to the subscribers of this Newsletter. If for some reason you haven't received your invitation yet, please let us know and we will send out a copy. We enclose in this Newsletter only the application form for Arden House.

We are pleased to announce an addition to the program. Congressman Les Aspin has indicated that he also expects to attend the conference. This means that our Congressional panel will consist of four Congressmen and at least one Senator. We do expect to hear from additional Senators as well.

Given the interest in the Geneva arms talks and the successor problem, we have had a good response -- we urge those who expect to attend to return their application forms early to insure a reservation.

THE RUSSIAN RESEARCH CENTER takes no official stand on any economic or political trend. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editors, Marshall I. Goldman and Jean Monahan.

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NEWS FLASH ++++++++++++++++++++++++++
CONGRESSMAN GEPHART HAS JUST ANNOUNCED THAT HE WILL BE ATTENDING THE ARDEN HOUSE CONFERENCE.

LOS ANGELES TIMES Thursday, January 31, 1985/Part II 5

Hopeful Signs the Thaw Could Reach Refuseniks

By MARSHALL I. GOLDMAN

It may not yet be summer, but there are signs everywhere that the wintry relations between the Soviet Union and the United States have begun to thaw. President Reagan no longer jokes about releasing bombs over the Soviet Union, and Soviet leaders have stopped warning their people about the imminence of war and the resemblance between Hitler and Reagan. Secretary of State George P. Shultz and Foreign Minister Andrei A. Gromyko can meet in Washington and Geneva without snarling at one another (as they did in 1983), and can agree on procedures and even a little substance.

This improvement has come faster than almost anyone in either the United States or the Soviet Union anticipated. This reversal in relations creates its own momentum, but there is still a long way to go. Our suspicions about Soviet intentions and honor will not be easily altered, and while the Soviets can adjust their party line a bit sooner than we can, they still harbor deep concerns about the United States.

Nor will a few superficial agreements bring us back to the 1970s detente era. For that matter, it is hard to see how an arms-control agreement, even if both sides are willing to compromise, can be implemented without an overall improvement in relations and behavior. On the Soviet side, that means, among other things, a more acceptable posture in the Third World (Afghanistan) and a more humane approach to human rights and emigration. It also means that such an improvement, if it is to come, also involves action on our side.

Without meaning to trivialize the dimensions of the dispute, the quarrel between the Soviet Union and the United States is in some small way like a quarrel between husband and wife. It has taken me more than 30 years to realize it, but I now understand that on occasion I have been as much at fault in our arguments as my wife, and that in a quarrel both sides may have to give a little. This may be one of those times.

What can we do to signal our mutual intentions? For our part, we should offer the Soviet Union something that it wants, but it should not be anything that threatens our security. After all, an improvement in relations does not mean that the Soviet leadership has suddenly become benign. Allowing the Soviet Union "most-favored-nation" status in trade would be such a signal. Since only the President can authorize a waiver for the resumption of such status if the Soviets liberalize emigration, this will also require action on the part of the Soviet Union. Since emigration, primarily of Jews but also of Germans and Armenians, has been cut from more than 50,000 a year in 1979 to fewer than 1,000 in 1984, that won't be easy—but it can be done.

Strict interpretation in the 1970s of the Jackson-Vanik amendment restricting most-favored-nation status was in part responsible for the emigration that the Soviets did allow. Despite all their protestations, the Soviets do at times respond to pressure. They did then, and they did again out of fear of the "Star Wars" missile defense proposal when they agreed to return to Geneva.

But just as the stick has its use, so does the carrot. The Soviets thought that we had agreed to extend most-favored-nation status to them in 1972, and felt betrayed when they did not get it. In retaliation they increased their pressure on human-rights activists and all but eliminated emigration. When Soviet leaders conclude that there is nothing to be gained from U.S.-Soviet relations, they are likely to revert to their customary police-state methods. If, however, they sense that there are gains to be made, they are more likely to relax those policies.

This is a unique opportunity, but, given our mutual distrust, it will not be easy to break the logjam. Each side will have to make some small gestures in the hope that those steps will be reciprocated. The Soviets could release Ida Nudel, one of the more celebrated refuseniks, but Jewish groups here will have to signal their willingness to be more flexible about such issues as most-favored-nation status. Assuming that the Soviet Union continues to increase the number of emigrants and show a more humane policy, the President should be urged to consider issuing an annual waiver to the Jackson-Vanik Amendment.

Even if the Soviets increase the flow of refuseniks, it is too much to expect that the basic character of the Soviet police state will be fundamentally altered overnight. Yet after lengthy discussion with the leadership of some of the most important American Jewish groups concerned with Soviet emigration policies, a few of whom have even engaged in informal soundings with Soviet representatives, my sense is that they have come to recognize the need for greater flexibility. They know that they may be subject to criticism from some of their more militant constituents, but they are prepared to make this known both to the U.S. and Soviet governments.

There is much more involved here than the narrow interests of one religious group. If successful, such a move could contribute to a meaningful improvement in the overall character of U.S.-Soviet relations. It is worth the risk.

Marshall I. Goldman is professor of economics at Wellesley and associate director of the Russian Research Center at Harvard.

BALANCE OF TRADE - 1st NINE MONTHS OF 1984

1981, 1982, 1983, 1984

(Million Rubles)

	Exports from the USSR				Imports to the USSR			
	1981	1982	1983	1984	1981	1982	1983	1984
Austria	632	493	413	563	362	387	622	656
Belgium	350	774	741	902	342	421	449	380
Great Britian	515	622	802	974	785	531	495	587
Greece	448	441	343	416	82	100	128	87
Denmark	168	268	221	275	194	53	54	73
Spain	216	106	229	224	347	127	182	227
Italy	1716	2209	2152	2388	757	874	1119	983
Netherlands	662	1175	1393	1243	385	282	410	188
Norway	44	59	59	78	73	56	75	60
Germany	2501	2982	2498	3478	2099	2201	2685	2558
France	1749	1664	1768	1695	1289	958	1353	1246
Switzerland	183	326	394	290	390	311	274	293
Sweden	182	289	491	441	281	283	191	184
Japan	589	556	579	633	1593	2129	1707	1534
Subtotal	10,000	11,964	12,083	13,600	8979	8713	9744	9056
Sub-Balance of Trade					+1021	+3251	+2339	+4544
Argentina	28	25	19	20	2069	1133	1153	983
U.S.A.	105	112	171	210	1058	1811	1037	1734
Canada	41	17	22	15	892	945	990	971
Australia	10	12	5	12	461	438	321	365
New Zealand	5	5	1	6	146	178	145	38
Brazil	9	122	85	93	523	356	429	396
Total	10,198	12,257	12,386	13,956	14,128	13,574	13,819	13,543
Balance of Trade					-3930	-1317	-1433	+413

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HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

VOLUME IX, NO. 7 MARCH 4 1985

INDUSTRIAL PRODUCTION FIGURES

Product	January 1985	% Jan. '85 over Jan. '84
Electricity (bil.kw.hrs)	147	106
Petroleum (inc. gas condensate) (mil.tons)	50.6	97
Natural Gas (bil.cu.mtrs)	54.7	111
Coal(mil.tons)	62.7	100.4
Steel (mil.tons)	12.7	95
Fertilizer (mil.tons)	2.7	102
Metal-cutting tools (mil. rubles)	197	103
Robots (1000s)	820	114
Computer Technology (bil. rubles)	306	117
Tractors (mils.)	4.6	106
Paper (mil. tons)	476	94
Cement (mil. tons)	10.4	97
Meat(mil. tons)	946	107
Margerine (1000 tons)	130	94
Watches(mils.)	5.4	95
Radios(mils.)	678	88
Television sets (mils.)	734	99.1
Automobiles (1000s)	114	100.9

PRODUCTION RESULTS FOR 1985

The most striking thing about the production figures for January 1985 is the sharp drop in oil production. Production fell by 3% from what it had been before, and in tonnage terms, oil production was 1.4 million tons lower than it had been in the corresponding month a year earlier; the sharpest drop recorded since oil production began to decline in the last year or so. This obviously is a disappointing result for the Soviets and could be a harbinger of very serious problems ahead. It, more than anything else, may explain why the Soviets fired Nikolai Maltsev, the Minister of the Oil Industry.

The very sharp increase in natural gas production by 11% may also help to explain why Maltsev's replacement was Vassily Dinkov, who had been the Minister of the Natural Gas Industry. Looking at the month as a whole, the reader is struck by the fact that except for the natural gas industry, production in most indices is below what it had been a year earlier. In some cases the drop is as

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striking as the one occuring in the petroleum industry--for example, steel production was down 5%, paper production down 6% and cement production down by 3%.

There may be a partial explanation for the relatively uniform decline in production. First, the weather in January in the USSR was very cold, and clearly affected production of many items. In addition, it seems that in January 1984 there was one extra work day, compared to 1985, and so that may be some explanation.

The drop in oil production was probably due primarily to the cold weather. This also helps to explain why the Soviets notified many of their foreign buyers that oil supplies and exports would be curbed.

The Soviets also apparently have been having a problem maintaining their livestock herds. While the cattle herd and number of chickens is up, the number of pigs goats and sheep has either remained constant or diminished. January 1985 was not a good month for the Soviet Union.

SOVIET TRADE BALANCE WITH EASTERN EUROPE

The Soviet Union continues as before to maintain a trade surplus with its East European partners. Again, remember that is not something it seeks to do. It would prefer a balance similar to the kind of balance that it runs normally with Romania. Soviet trade with all of its East European partners seems to have expanded significantly from what it had been for the first nine months of 1983. Thus, exports from the Soviet Union to Eastern Europe rose approximately 2.5 billion rubles.

CHART PG. 4

THE RUSSIAN RESEARCH CENTER takes no official stand on any economic or political trend. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editors, Marshall I. Goldman and Jean Monahan.

RRC @ 1985

CURRENCY FIGURES

Rubles Purchased Per 100	Feb. 1984	Jan. 1985	Feb. 1985
Austrian shilling	4.14	3.95	3.90
U.K. pound	113.72	99.38	98.44
W. German mark	29.31	27.81	27.40
U.S. dollar	79.00	87.95	89.75
French franc	9.49	9.08	8.98
Japanese yen	.338	.346	.342
Italian lira	.047	.0452	.0446
Swiss franc	35.93	33.13	32.13

According to the currency exchange rates released by Gosplan for February 1985, the Austrian shilling, W. German mark, U.S. dollar, French franc, Japanese yen, Italian lira and Swiss franc all decreased over the last month. Over the last year, these same currencies have decreased, with the exception of the U.S. dollar and Japanese yen.

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ANNOUNCEMENT: CORPORATE SEMINARS

There are two Corporate Sponsor seminars coming up, scheduled for April and May. The first one, April 1, will be on Soviet Public Opinion. <The fact that it falls on Fool's Day is not meant to imply anything about Soviet Public Opinion.> It promises to be a unique conference, focusing primarily on political and sociological issues.

The second conference, to take place May 7, is more in keeping with our usual pattern, and will focus, as we have often done, on Eastern Europe. The conference on Eastern Europe will be sponsored by the Department of Commerce and the Greve Foundation. The April 1 conference is sponsored by the Greve Foundation. Enclosed are programs and application forms.

ARDEN HOUSE - THE NINTH ANNUAL CONFERENCE

This is the last call for the Arden House conference on East-West Relations (March 29-31st). We already have more signed up this year than came to the conference last year. It might be wise to assure yourself a place by sending in your application as quickly as possible.

As was announced earlier, Congressman

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Les Aspin will join the panel of Congressional speakers, and Congressman Richard Gephardt will be attending the conference. This means that our Congressional panel will consist of four Congressmen and at least one Senator. We may yet hear from other Senators as well.

U.S. SOVIET TRADE FOR 1984

The official Department of Commerce statistics for 1984 are presented in the accompanying tables. As has been widely reported, the big jump in US exports to the Soviet Union is primarily due to the increase in food exports. Food exports in 1984 were more than double than what they were in the preceeding year. In contrast, manufactured equipment fell.

Corn was the most important commodity exported to the Soviet Union. Corn exports alone amounted to almost 1.4 billion dollars, almost half of our total exports. Moreover that was a jump of almost a billion dollars from the exports shipped in 1983. Wheat was the other major import.

The leading import from the Soviet Union was petroleum and ammonia. The jump in imports of both commodities helps to explain why there was a 200 million dollar increase in imports from the Soviet Union.

The Soviet Union therefore remains one of the few trading partners the United States has which provides the United States with a trade surplus.

In contrast, our trade relations with the East Europeans have now reached the point where we have a trade deficit with the other East European countries. This is largely a result of the fact that our grain exports to those areas have diminished sharply from what they were in the early part of the decade. At the same time our imports from those areas have risen sharply, particularly petroleum imports. Romania is a source of almost all of that petroleum, even though it in turn reexports some of it from the Middle East and the Soviet Union.

Soviet Union Has Stepped Up Spending On Military Following Lull, U.S. Finds

By Tim Carrington
Staff Reporter of The Wall Street Journal

WASHINGTON—Soviet military expenditures are growing at an accelerated rate after what appears to have been a relative lull of about six years, U.S. intelligence analysts estimate.

The latest findings by the Pentagon's Defense Intelligence Agency show that in both 1983 and 1984 the Russians boosted their military budget by between 5% and 8%, more than double the annual rate of spending growth in the preceding six years. The bulk of the added expenditures, the D.I.A. found, went for submarine construction and aircraft modernization.

This latest estimate is certain to figure prominently in the heated debate in Congress over whether to cut the U.S. defense budget. Defense Secretary Caspar Weinberger points to increases in Soviet defense outlays to support the Reagan administration's request for a $29 billion spending increase.

Recent history, however, suggests that estimates of Soviet military spending are based on murky calculations and are subject to sharp future revisions.

Last year, for instance, the Central Intelligence Agency abandoned the generally held belief that Moscow has pursued a massive military buildup throughout the 1970s. Instead, the CIA found that from 1977 to 1982, military spending grew at a sluggish rate of between 2% and 3%, down from the pre-1977 growth rate of between 4% and 5% a year after inflation. The CIA concluded that Moscow has spent less on armored personnel carriers, ballistic missile submarines, air defenses and land-based intercontinental ballistic missiles than it previously thought.

Weak Economy

Soviet specialists say the CIA apparently underestimated the constricting effect that the Soviet economic downturn was having on military expenditures. When the intelligence agency saw few signs that the Soviets had actually built the number of weapons it assumed were in production, it revised its estimates. Nonetheless, President Reagan and other administration officials maintain that the Soviets have engaged in an unprecedented buildup.

The U.S. intelligence community measures Soviet military spending through a variety of methods, including satellite photographs, direct observation of missile tests and sea trials, economic analysis, as well as what one Kremlin watcher calls "good old spying." Any single method of observation is bound to produce errors, but, according to one D.I.A. official, there are likely to be so many mistakes that "the errors tend to offset one another."

During a recent seminar sponsored by Harvard University's Russian Research Center, the most binding consensus among attending Kremlin-watchers was that the estimate-game can be tricky. Despite the CIA's large revision in its estimate of Soviet arms outlays, Abram Bergson, one of Harvard's Soviet specialists, concluded that the U.S. intelligence community does as well as can be expected. "It's the only game in town," said Mr. Bergson, "and if you don't take it too literally, you won't be too misled."

Factor in Defense Outlays

The difficulty of sizing up the Soviet military program is becoming part of the U.S. debate on its own budget. The CIA revisions are causing some in Congress to question just how much the administration knows about the Soviet military threat. This week, in response to questions posed by Senate Budget Committee Chairman Pete Domenici (R., N.M.), William Kaufman, a Harvard defense specialist, said, "While the Soviet Union does not wish us well, I think we have exaggerated the magnitude of the threat."

But the CIA warns that a slowdown in military expenditures probably won't restrain Soviet military and political activities in the Third World. Moreover, the CIA says that even with slowed economic and military growth, the Soviet Union may still deploy a slew of major weapons programs, including a new generation of cruise missiles, several military space systems, a new strategic bomber, a large transport aircraft, a new aircraft carrier and a new set of strategic ballistic missiles.

Soviet specialists at the Harvard seminar sketched a military system riddled with idiosyncrasies. It turns out that Soviet military factories, which are closely watched by U.S. spy satellites, produce about half of the country's refrigerators, one-third of its vacuum cleaners, and nearly all its televisions, according to Julian Cooper, a Russian specialist with the University of Birmingham in England. The mixed-use approach to the military shops enables the Soviets to switch production lines to military output quickly, Mr. Cooper said. But the system also confounds CIA analysts.

The data compiled to date suggests that Soviet military spending is more closely tied to fluctuations in that country's total output of goods and services than to U.S. defense outlays. For instance the negligible growth in Soviet military spending from 1977 through 1982 paralleled a similar pattern in the Soviet economy, and seemed to be unaffected by the much-publicized defense buildup the U.S. launched in 1979.

Marshall Goldman, associate director of the Russian Research Center, says these findings should debunk the concept that by boosting its defense outlays the U.S. can drive the Soviet Union into economic ruin. He concedes that the Soviet budget increases of the last two years are partly a response to U.S. military growth, but he notes that they also reflect the costs of the protracted fighting in Afghanistan.

THE WALL STREET JOURNAL FRIDAY, FEBRUARY 22, 1985 35

SOVIET BALANCE OF TRADE WITH EASTERN EUROPE FOR THE 1ST NINE MONTHS OF 1984

(in million rubles)

	Exports from U.S.S.R.				Imports to U.S.S.R.			
	1981	1982	1983	1984	1981	1982	1983	1984
Bulgaria	3225	3546	4141	4661	2751	3245	3720	4122
Czecho-slovakia	3108	3728	4270	4948	3060	3513	4018	4422
GDR	4037	4587	4992	5385	3861	4270	4879	5576
Hungary	2445	2711	2951	3298	2413	2710	2957	3178
Poland	3667	3581	3868	4450	2419	2882	3485	3843
Romania	1111	1013	1199	1352	1237	1323	1280	1340
	17,593	19,166 / 21,421		24,094	15,741	17,933 / 20,339		22,481
Balance of Trade	+1852	+1283	+1082	+1613				

02/07/85
18:22:15

Leading items in U.S. imports for consumption from EASTERN EUROPE in 1984, 1980, 1981, 1982, 1983, and 1984

(Customs value, in thousands of dollars)

TSUSA number	Description	1980	1981	1982	1983	1984
4753500	Naphthas derived petroleum,-----	34,919	49,975	19,786	24,017	226,239
4752520	Gasoline----------	0	90,241	69,846	207,709	136,346
1073525	Pork hams & shouldrs, boned,----	177,757	127,271	87,409	119,996	110,845
4756530	Liquid derivatives of----------	0	0	0	0	100,202
6076625	Plates ios not cut etc a not----	0	0	0	0	71,356
4803000	Urea, nspf----------	5,268	2,893	1,760	10,885	48,393
6923288	Parts nspf of motor vehicles----	15,029	21,079	12,045	18,740	40,480
6078360	Steel sheet pickled and/or------	0	0	0	561	31,512
4751015	Light fuel oils a tcr 25deg-----	0	8,908	7,701	36,246	29,898
6182563	Aluminum sheets and strip, n--:	0	0	0	0	29,439
6071700	Steel wire rods no alloy not----	538	114	2,265	8,763	24,623
1702800	Cigarette leaf, not stemmed,----	14,569	18,391	17,659	25,835	18,549
6869030	Other lamps including----------	7,246	9,330	11,456	10,707	14,275
7004540	Footwear, leather, cement-------	22,503	14,211	20,568	21,439	14,235
6081330	Ir o st sht, zinc coated not----	0	0	0	1,355	13,461
3359500	Other woven fabric of veg-------	8,839	10,697	12,789	6,063	13,197
6923460	Parts of agricultural----------	11,474	10,718	8,704	3,094	11,994
4750535	Heavy fuel oils un 25 deg-------	9,565	0	0	10,052	11,147
3798355	Mens or boys other wool ntkt----	0	0	13,891	9,470	10,795
3799565	Mens and boys suits manmade-----	0	0	3,796	3,314	10,344
7271500	Furniture and parts of----------	7,927	7,386	7,606	7,028	9,464
4806510	Ammonium nitrate----------	0	0	0	849	9,435
5466020	Tmblrs, gblts, a stmwre ov------	6,952	8,200	6,752	8,491	8,811
6098041	Steel channels not alloyed------	3,866	5,146	233	1,946	8,479
6104225	Oilwell casing api not alloy----	0	0	0	274	8,303
7003550	Footwear, leather, nspf for-----	20,514	16,566	10,899	10,090	7,935
1922520	Hops, nspf----------	0	0	8,424	5,733	7,663
6462622	Nails etc iron/steel, smooth----	5,028	5,469	1,956	4,961	7,576
7725109	Pneumatic tires, new, for-------	0	0	3,619	7,999	7,241
4805000	Potassium chloride or----------	3,706	4,150	3,290	8,557	7,149
	Total----------	355,700	410,743	332,454	574,176	1,049,387
	Total, all items imported from EASTERN EUROPE-------	956,654	1,184,865	823,691	1,010,479	1,596,150

Source: Compiled from official statistics of the U.S. Department of Commerce.

02/07/85
18:12:06

Leading items in U.S. domestic exports to EASTERN EUROPE in 1984, 1980, 1981, 1982, 1983, and 1984

(F.a.s. value, in thousands of dollars)

Sched B number	Description	1980	1981	1982	1983	1984
1754100	Soybeans, except seed for plan--	129,315	49,620	84,751	125,056	143,543
1303465	Yellow corn, not donated for r--	940,999	914,105	296,923	118,231	107,629
1201400	Cattle hides, whole----------	60,858	39,027	61,456	65,428	88,707
1845260	Soybean oil cake and oil-cake---	311,365	275,628	83,778	121,520	76,462
4809500	Other fertilizers, including c--	41	0	0	32	43,045
8183900	Commodities nspf, donated for---	678	4,608	20,489	40,648	32,769
5213110	Low volatile bituminous coal a--	45,526	15,399	11,180	16,145	32,211
1160100	Butter----------	0	44,486	17,513	16,453	23,545
4807050	Concentrated superphosphate, 4--	9,943	37,150	27,137	28,961	20,695
1755140	Sunflower seed, except confect--	0	0	0	0	18,868
1304040	Grain sorghum, except seed------	0	0	0	0	15,135
8183100	Food products, nspf, donated f--	0	4,512	14,437	4,876	12,980
1306540	Wheat, unmilled, not donated f--	206,659	54,589	14,228	6,139	10,397
6923840	Parts, nspf, of tractors, exce--	7,854	4,462	6,923	3,879	9,866
4331035	Compound catalysts, nspf--------	633	1,671	4,840	2,370	8,994
1314030	Wheat flour, except durum and---	0	115	7,780	7,382	8,601
6603040	Parts, nspf, of steam turbines--	1,740	38	0	6	7,815
1765260	Soybean oil, fully refined, do--	0	0	8,756	7,672	7,617
1301040	Barley, nspf----------	0	10,704	0	7,002	7,045
6640588	Parts, nspf, of excavating mac--	95	133	621	3,646	6,569
8183400	Apparel privately donated (rel--	418	1,950	3,911	5,490	6,227
8188000	Shipments valued $10,000 and u--	0	0	0	0	6,125
1706500	Cigarettes----------	2,584	10,694	3,277	6,204	5,626
6765560	Parts, nspf, of automatic data--	8,281	5,672	5,706	4,992	5,420
1155020	Nonfat dry milk containing not--	0	2,125	3,238	10,123	5,201
3094245	Acrylic and modacrylic fibers---	376	0	0	400	4,439
5404200	Glass rods, tubes, & tubing, n--	5,112	3,010	2,722	3,246	4,104
4807015	Phosphoric acid, less than 65%--	2,088	0	0	0	3,786
8184000	Used wearing apparel and other--	602	1,016	6,116	3,549	3,357
4808010	Monoammonium----------	0	0	0	0	3,252
	Total----------	1,735,166	1,480,712	685,783	609,449	730,029
	Total, all items exported to EASTERN EUROPE----------	2,332,933	1,898,029	996,387	876,695	884,198

Source: Compiled from official statistics of the U.S. Department of Commerce.

02/08/85
17:27:12

Leading items in U.S. imports for consumption from USSR in 1984, 1980, 1981, 1982, 1983, and 1984

(Customs value, in thousands of dollars)

TSUSA number	Description	1980	1981	1982	1983	1984
4751015	Light fuel oils a tcr 25deg	0	80,706	0	48,913	168,040
4806540	Anhydrous ammonia	94,796	78,414	88,765	85,722	139,604
6050260	Palladium, palladium	54,563	31,142	24,836	41,849	59,267
4803000	Urea, nspf	0	0	10,434	38,913	44,694
1143000	Crabs fresh chilled frozen	0	0	2,107	12,790	15,248
6050750	Palladium bars plates etc	11,658	2,815	1,685	4,343	15,154
1241045	Sable furskins, whole, raw	5,938	8,120	7,164	7,803	9,789
4750535	Heavy fuel oils un 25 deg	6,256	0	15	0	9,082
4805000	Potassium chloride or	2,407	0	4,600	4,134	8,996
6180650	Unwrought alloys of aluminum	101	0	219	137	7,211
1693800	Vodka in containers not over	1,898	5,799	7,173	9,883	7,036
4751035	Heavy fuel oils 25 deg api	0	9,467	0	0	6,029
4753000	Kerosene derived from shale	0	0	0	0	5,449
6181000	Aluminum waste a scrap	0	2,996	0	0	4,703
6050270	Rhodium, rhodium content	6,276	3,475	3,475	2,105	3,674
4017415	Ortho-xylene	0	0	0	0	3,578
6050710	Platinum bars,plts sheets nt	6,999	1,413	1,197	2,356	3,331
4011000	Benzene	0	0	0	0	2,985
4752520	Gasoline	0	0	10,341	0	2,977
6050220	Platinum sponge platinum	4,604	4,626	3,961	3,003	2,955
2401440	Plywood, birch face not face	1,123	3,209	1,374	2,283	2,622
7650300	Paintings, pastels, drawings	6,727	96	115	3,102	2,017
4257000	Acetic acid	0	0	0	0	1,842
6063542	Ferosilicon, contng 30%	0	0	0	0	1,816
1693700	Vodka in containers not over	889	1,406	2,173	1,220	1,655
2452020	Hardboard, not face finished	608	1,977	1,569	1,359	1,604
6052020	Gold bullion, refined	85,695	21,368	1,493	1,438	1,443
2451000	Hardboard, n/face-finished	1,042	29	436	731	1,427
6063546	Ferosilicon cont ovr 30%	0	0	0	2,804	1,335
4016400	Pseudocumene	0	0	0	0	1,222
	Total	291,580	257,057	173,132	274,891	536,787
	Total, all items imported from USSR	431,246	357,424	228,792	341,093	556,122

Source: Compiled from official statistics of the U.S. Department of Commerce.

02/07/85
18:07:05

Leading items in U.S. domestic exports to USSR in 1984,
1980, 1981, 1982, 1983, and 1984

(F.a.s. value, in thousands of dollars)

Sched B number	Description	1980	1981	1982	1983	1984
1303465	Yellow corn, not donated for r--	602,156	781,675	818,768	390,915	1,389,842
1306540	Wheat, unmilled, not donated f--	336,084	772,563	802,182	800,584	1,170,572
4807025	Phosphoric acid, 65% or more a--	17,440	166,002	268,485	214,810	186,400
3001060	Cotton, not carded, not combed--	118	0	67	61,338	148,668
7905510	Pressure sensitive tape with a--	42,387	19,692	36,095	58,650	54,920
1775640	Tallow, inedible	28,148	48,509	17,887	21,505	29,745
1454300	Almonds, shelled, not blanched--	17,399	16,003	10,043	2,341	24,501
3001550	Other cotton having a staple l--	0	0	0	10,885	18,739
4754555	Insulating or transformer oils--	0	16,139	27,928	13,923	16,449
4461561	Synthetic rubber, not containi--	0	0	0	8,191	14,357
1754100	Soybeans, except seed for plan--	45,322	8,432	171,264	157,162	14,039
6923820	Parts, nspf, of tracklaying tr--	38,555	48,538	25,651	16,220	12,863
6923840	Parts, nspf, of tractors, exce--	9,645	35,387	17,195	14,628	11,887
1201400	Cattle hides, whole	65	0	0	10,575	10,184
6640586	Parts, nspf, of boring and dri--	530	156	20,003	12,978	9,166
1762520	Linseed oil, crude	0	6,080	0	0	9,127
6605460	Parts, nspf, of industrial gas--	843	360	23	17,144	8,799
5175120	Petroleum coke, calcined	19,718	33,055	34,269	3,125	8,178
3094222	Rayon fibers in noncontinuous---	0	0	0	6,176	6,563
6923160	Tracklaying tractors, new, 345--	51,261	56,746	51,037	3,628	5,325
3382600	Fabrics, woven, of manmade fib--	8,592	8,305	6,841	6,960	4,057
2500292	Cotton linter pulp	1,210	987	875	1,394	3,876
6640513	Drilling and boring machines,---	0	0	1,512	1,757	3,656
6605440	Parts nspf of diesel engines f--	1,817	8,275	7,728	6,036	3,600
6640591	Parts, nspf, of earth-moving a--	408	2,189	1,947	5,166	2,945
4744160	Industrial varnishes	2,296	1,184	2,220	3,362	2,925
4331035	Compound catalysts, nspf	0	293	3,234	1,626	2,828
4461521	Polychloroprene (neoprene) rub--	0	6,220	3,790	4,027	2,799
6922985	Parts, nspf, of motor vehicles--	5,707	4,074	5,721	1,675	2,787
6603040	Parts, nspf, of steam turbines--	16	12	1,946	1,943	2,742
	Total	1,229,717	2,040,878	2,336,709	1,858,725	3,182,542
	Total, all items exported to USSR	1,509,747	2,338,818	2,588,975	2,001,951	3,282,652

Source: Compiled from official statistics of the U.S. Department of Commerce.

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HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

VOLUME IX, NO. 8 APRIL 12, 1985

INDUSTRIAL PRODUCTION FIGURES

Product	February 1985	Feb. '85 over Feb. '84	Jan.-Feb. 85	% Jan.-Feb. 85 over Jan-Feb. 1984
Electricity (bil.kw.hrs)	134	100.1	281	103.3
Petroleum (inc. gas condensate) (mil.tons)	45.7	94	96.3	96.3
Natural Gas (bil.cu.mtrs)	50.3	107.7	105	109.1
Coal(mil.tons)	58.3	97	121	98.4
Steel (mil.tons)	11	88.7	23.7	92.2
Fertilizer (mil.tons)	2.2	92	4.9	98
Metal-cutting tools (mil. rubles)	204	104.6	401	103.6
Robots (1000s)	.9	---	1.7	100
Computer Technology (mil. rubles)	284	104	590	110
Tractors (mils.)	4.2	100	8.8	104
Paper (mil. tons)	430	92.7	908	93.7
Cement (mil. tons)	9	89.1	19.4	93.7
Meat(mil. tons)	.8	---	1.7	106.3
Margerine (1000 tons)	121	91	251	92.6

Watches(mils.)	5.4	98.2	10.8	96.4
Radios(mils.)	.7	---	1.4	93
Television sets (mils.)	.3	100	.6	100
Automobiles (1000s)	105	95.5	219	98.2

INDUSTRIAL PRODUCTION FIGURES FOR FEBRUARY 1985

The first hint that something was wrong with production in 1985 was indicated by the fact that in the statistical report published by the Soviets, they printed only the combined January-February production figures in absolute terms. There was no figure for February and there was no percentage change for January-February 1985 over January-February 1984. Consequently it was necessary to recalculate all the figures for February 1985, which was possible because we had been given the January 1985 figures, and the different percentage increase figures, or as it turned out, decrease figures. The results are shown in the accompanying table.

What is most striking is what happened to production in February. Reportedly it was a very cold month. In addition, 1984 was leap year, so there was one extra work day. Whatever the explanation, the fact is that production dropped sharply in most industries with the exception of natural gas and even there production as a percentage was below what it had been in the year earlier. In many ways production was strikingly similar to what had happened during the last years of Brezhnev's economic guidance. Of course, that is not meant to say that one month is equivalent to four years of a drop in production, but certainly Chernenko went out in a very disappointing way. It is the case however that both Andropov and Gorbachev did take office following a very dismal economic performance.

The difficulties in electricity in February, particularly given how cold it was and how much more important therefore it was that electricity be readily available helps to explain why the Minister of Electricity was fired. Similarly, the drop in petroleum production was sharper than usual. Again, this may be due to the cold weather but if not it does portend considerable difficulties ahead.

CURRENCY FIGURES

Rubles Purchased Per 100	March 1984	Feb. 1985	March 1985
Austrian shilling	4.28	3.90	3.83
U.K. pound	113.57	98.44	98.43
W. German mark	30.15	27.40	26.92
U.S. dollar	76.85	89.75	90.80
French franc	9.75	8.98	8.81
Japanese yen	.346	.342	.348
Italian lira	.0484	.0446	.0429
Swiss franc	36.34	32.13	31.65

According to the currency exchange rates released by Gosplan for March 1985, the Austrian shilling, U.K. pound, W. German mark, French franc, Italian lira and Swiss franc all decreased over the last month. These same currencies have also decreased over the last year. Only the U.S. dollar and Japanese yen have increased over the last year and last month.

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CORPORATE SPONSOR SESSION ON EASTERN EUROPE

The last corporate sponsor session of the year will be held on May 7. It will focus on the interrelationship between Eastern European countries. As a copy of the enclosed program indicates, we will focus not only on questions of debt but also on economic reform in several of the East European countries.

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ARDEN HOUSE - THE NINTH ANNUAL CONFERENCE

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The conference at Arden House was unusually interesting this year. Given the death of Chernenko and the apparently new, improved relationship between the United States and the Soviet Union, it was not surprising that there was a considerable amount to discuss. In fact, one of the panelists did indicate that there would be a meeting this year between President Reagan and General Secretary Gorbachev. Subsequently that made the headlines on Tuesday around the world.

The next Arden House conference has been scheduled for March 21-23 1986. We cannot guarantee that there will be another change of leadership in Soviet Union as

there has been for the last three years, but it nonetheless promises to be an interesting session and we urge you to mark your calendars now.

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THE RUSSIAN RESEARCH CENTER takes no official stand on any economic or political trend. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editors, Marshall I. Goldman and Jean Monahan.

RRC @ 1985

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Adam B. Ulam

THE WASHINGTON POST

After The Old Men

Few events in modern Soviet history have caused as little surprise, either to the world or, one dares to say, to his colleagues, as the death of Konstantin Ustinovich Chernenko. Already seriously ailing at the time of his election as general secretary in February 1984, Chernenko was obviously critically ill for the past few weeks, and it was only a question of time before the 10 oligarchs of the Politburo would be electing a new head of the Soviet regime.

Let us review this rather weird—not only to a Westerner, but to a Russian man in the street—sequence. Leonid Brezhnev, although selected general (then called first) secretary in 1964, established his position as more than just first among equals only at the end of the '60s. Under him, the Soviet system congealed into a classical oligarcho-bureaucratic pattern. Members of the ruling elite, unless they were personal rivals of Brezhnev or uncompromising enemies of his policies, could feel secure in their jobs, no matter what their age or, short of complete debility, their physical condition.

Doubtless this situation arose as a reaction to what had been happening under Stalin—brutal and frequent purges of even the highest officials—and under Khrushchev, with his highhanded and whimsical ways with his Politburo colleagues.

The Brezhnev pattern thus led inevitably to the top ruling group's becoming a gerontocracy. As some of its members passed away, they tended to be replaced by Brezhnev's old cronies, usually close in age to the man they replaced. When Prime Minister Alexei Kosygin died at 76, he was replaced by Nikolai Tikhonov, one year younger, still hale and hearty in his job and in the Politburo at 80.

It is a mystery how a youngster in his forties like Mikhail Gorbachev managed to get on the Politburo in the late '70s. One possible explanation is that his job then—secretary of the Central Committee in charge of agriculture—is one of the most taxing and, usually, most unrewarding in the entire Soviet structure.

With Brezhnev visibly failing during his last two years, collective leadership took on a new meaning: the 13 or so full members of the Politburo became in fact joint proprietors of a vast country. Their own job security became the uppermost consideration, shaping their personnel policies and affecting strongly their overall views on politics and policy. With Brezhnev's death, his elderly colleagues proposed to continue the same pattern: to select as his successor a man who would be in fact chairman of the board, rather than a real boss like the younger Brezhnev, not to mention Khrushchev or (God forbid!) Stalin.

By then it had become almost a rule that a candidate for the post had to meet two preliminary conditions: he had to be a full member of the Politburo and a secretary of the Central Committee. Three people in November of 1982 answered to those qualifications: 71-year-old Chernenko, 52-year-old Gorbachev and 68-year-old Yuri Andropov. Chernenko had long been a close associate of Brezhnev and undoubtedly his personal choice for the succession, something which obviously did not work in his favor. Gorbachev was too young. And so Andropov was chosen, though his colleagues must have known he was already in frail health.

There obviously followed some rather involved maneuvering within the ruling elite, because the office of chairman of the Supreme Presidium—president of the U.S.S.R.—remained unfilled until the spring. In itself, the office is mostly ceremonial, but Brezhnev chose to add it to his other duties in 1977. Were there attempts to foist the office on Chernenko or Gorbachev in exchange for their laying down the secretarial job and thus barring themselves from succession?

In any case, the presidency was bestowed on Andropov in the spring of '83, when it already must have been known that he was not merely ailing but mortally ill. At the same time the pool of possible successors was slightly increased by making 60-year-old Grigori Romanov, until then the boss of Leningrad, a secretary of the Central Committee. With Andropov's prolonged "cold" and then death, the logical choice seemed to lie between Gorbachev and Romanov. But the latter, known to be a harsh and authoritarian man even by Soviet standards, evidently did not endear himself to his colleagues in his new position, and the choice fell again on an aged invalid who had previously been bypassed.

This is the background of the elevation of Gorbachev. With Romanov unacceptable, he was the only possible choice. The Soviet Union is now headed by a man who, unlike the rest of his fellow oligarchs, was too young to serve in World War II and who was barely more than a boy when Stalin died in 1953. Other than that, we have little on which to speculate concerning his views and probable policies.

Gorbachev Is in a Hurry—to Do What?

By MARSHALL I. GOLDMAN

Even as general secretary, it must be remembered, he will remain but the first among equals unless he manages to build up his power base, bring his own people into the Politburo and secretariat, and thus put his own stamp on domestic and foreign policy. Barring that, his colleagues would no doubt try to keep him from becoming a real boss. But in view of the age of most of them, it is quite likely that, in a year or two, we should be able to speak of the real beginning of the Gorbachev era and to see, rather than just guess, what will be its impact on the Soviet economy (the likeliest sphere for a thoroughgoing reform in the near future), on foreign relations and on other areas of policy.

Presumably a younger man could be expected to be impatient with the immobilism that has characterized the Soviet economy and society during the last decade or so and to be inclined to take a fresh look at the risks and costs of the Soviets' expansionism and arms buildup. We must certainly hope so, but let us be cautious when it comes to predictions. The Soviet rulers have a knack for surprising us, and their own people, and not always in a pleasant sense.

The writer is Gurney professor of history and political science at Harvard.

Based on his speed in assuming the post of general secretary of the Communist Party, Mikhail S. Gorbachev appears to be a man in a hurry. On accepting his position he immediately outlined a rough blueprint of the economic actions that he presumably plans to take. But Gorbachev may find that it is easier to manipulate the Politburo than the economy, and that he may have to proceed at a considerably more cautious pace than some of the more optimistic proponents of economic reform in the Soviet Union would like.

For that matter, it is unclear at this point exactly what it is that Gorbachev has in mind for the future. A look at his speech accepting the post of general secretary, as well as some earlier speeches, suggests that he is very much aware that there is a problem. However, his solutions, while potentially far-reaching, appear to be inconsistent and politically too ambitious.

Beginning in December, 1984, Gorbachev began to call for a "profound transformation in the economy." He repeated that sentiment in his acceptance speech, but it is unclear whether he means increasing or decreasing centralization.

For example, his earlier speeches also emphasize the need for "intensive development of the economy," a code phrase for more centralization and discipline—precisely the direction also advocated by Yuri V. Andropov, Gorbachev's mentor.

By cracking down on alcoholism, absenteeism and corruption, Andropov vividly demonstrated how much slack there was in the economy, and output increased immediately. But now much of the most easily corrected waste and indolence has been remedied. So except for some continuing waste in the production of crude oil, where production actually declined in 1984, a renewed assault by Gorbachev on the lack of discipline is not likely to lead to any marked improvement.

This does not mean that there is no waste; it means only that it resists the conventional tactics used to eliminate it.

However, while an emphasis on discipline and centralization may bring about some increase in the production of the existing product mix of the Soviet economy, the economic challenge for the Soviet Union lies in a different direction. Producing more machine tools and steel is hardly the biggest challenge facing the Soviet Union. (The Russians already produce three to four times more machine tools, and 50% more steel, than the United States.)

Instead, what the Soviet Union needs is to master the production of biotechnology and high-technology products in the civilian economy. For instance, the gap between the sophistication of computer production in the Soviet Union and the United States actually seems to be growing.

Unfortunately, the products of the new high-technology generation do not seem to flourish in an environment of increased discipline and centralization. If anything, what is needed is *decentralization*, particularly of investment, and more independence for factory managers and enterprises.

Gorbachev seems sensitive to this problem. Along with his call for "the intensification of the economy" is a call for "expanding the rights (and) enhancing the independence of enterprises." This stirs thoughts of the Hungarian reforms, and even the more heretical Chinese reforms. Yet Gorbachev can't walk down the street in two directions at once. Increased centralization and discipline do not facilitate independence and initiative.

Because of Gorbachev's "youth"—it is nice to think that someone who is 54 is regarded as young—we are predisposed to anticipate that he will be a reformer. But the words and record of the bureaucrats with whom he must work are not very promising. They have successfully managed to frustrate and abort all reforms introduced by previous Soviet leaders.

Nor, for that matter, is it necessarily true that the young make the best reformers. In fact, in recent years some of the most dramatic reforms have come from older men such as Pope John XXIII, Deng Xiaoping and Ronald Reagan. Having less to lose, they seem more willing to risk structural overhaul.

Gorbachev may yet bring about the reform that he seems to feel is necessary, but he must first clarify what he wants, and then convince himself and his colleagues that his alternative is feasible, and not threatening to the power and the prerogatives of the members of the *nomenklatura*—his fellow bureaucrats.

Even for a man in a hurry, that will not be easy.

Marshall I. Goldman, professor of economics at Wellesley College, is associate director of the Russian Research Center at Harvard University.

THE NEW YORK TIMES, TUESDAY, MARCH 12, 1985

Will Gorbachev Be Brezhnev II?

By Marshall I. Goldman

CAMBRIDGE, Mass. — The rapid selection of Mikhail S. Gorbachev as General Secretary — at 54, he is the Politburo's youngest member — may not be as sharp a departure from past Soviet experience as it first appears.

Leonid I. Brezhnev was only 57 when he assumed power, and his 18-year record showed nothing to indicate that relative youth, and vigor, is sufficient to make possible radical changes in domestic and foreign policy. This suggests that the system is more important then a leader's age and vitality in determining change.

Mr. Gorbachev, a relative youngster (Politburo members' average age is 67), may well reign for two decades or more — time for yet another

cult of personality, and the abuses associated with it, to arise.

His ascent is marked by great expectations. He was closely associated with Yuri V. Andropov's reform efforts, and, as recently as December, he urged "a profound transformation in the economy and in the entire system of social relations." However, he is a lifelong party member, a product of the system, and in that speech he called for "an intensification of social production . . . and the economy," usually a catch phrase meaning "more discipline." He said there was a need to continue the "Stakhanovite tradition," a labor-speedup movement of the 1930's that most Soviet economists had assumed to be discredited because of abuses it generated.

Mr. Andropov and Konstantin U. Chernenko were incapacitated for parts of their terms. Mr. Chernenko, a so-called weak leader, was not wholly weak, and Mr. Andropov, reputedly a strong leader, did not have much to show for his brief tenure. What is surprising is that any change took place under the infirm Mr. Chernenko, who died at 73. But the change was only moderate, not fundamental, and within the system's boundaries.

At first, most observers wrote Mr. Chernenko off as simply a standby leader, but he was a man of surprises — something not expected of a mere camp follower of his patron, Mr. Brezhnev. Mr. Chernenko's experience had been embarrassingly thin: virtually no administrative exposure in the Government and party. Even worse, he was one of the few party leaders of his generation who avoided World War II military duty. But in a system where party and patronage are more important than experience and ability, it was assumed he would succeed Mr. Brezhnev. In naming Mr. Andropov, the Politburo apparently concluded that the country's economy and morale had sunk so desperately during the last four years of Mr. Brezhnev's life that a more dynamic figure than Mr. Chernenko was necessary.

Thus, the Chernenko accession, a mere 15 months after his rejection, was another surprise, particularly in view of his poor physical and political health. What had he done in the interim to qualify? Doubtless, he was picked because the Politburo could not agree on anyone else.

The next surprise was that during Mr. Chernenko's 13-month tenure, the Politburo fired the military chief of staff, Marshal Nikolai V. Ogarkov; prevented Erich Honecker, the East German leader, from visiting West Germany; sought to re-establish better relations with China, and decided to resume strategic-arms talks with the United States. Equally surprising — to those who expected a return to the easygoing morality of the Brezhnev days — was that the crackdown on party and state corruption Mr. Andropov had inaugurated kept going.

In the economic sphere, Mr. Chernenko proved unsurprising. The economy, more than anything else, needs strong leadership and he was wanting. He undertook no new significant initiatives, certainly none that helped his nation master the production, much less development, of high technology. Moreover, oil production declined for the first time since World War II. Nor is the sixth poor grain harvest in a row a cause of pride. And all of this contrasted with innovative, exhilarating results achieved by China, which until recently had been saddled with similar problems.

The rapidity of Mr. Gorbachev's appointment indicates he may be able to consolidate power sooner than expected. If he masters the system — rather than its mastering him — this may augur bold moves in domestic and foreign policy. Don't bet on it.

Marshall I. Goldman, professor of economics at Wellesley College, is associate director of the Russian Research Center at Harvard University.

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HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

VOLUME IX, No. 9 May 5, 1985

INDUSTRIAL PRODUCTION FIGURES

Product	1st Quarter 1985	% 1st quarter 1985 over 1st quarter 1984
Electricity (bil.kw.hrs)	421	103
Petroleum (inc. gas condensate) (mil.tons)	147	96
Natural Gas (bil.cu.mtrs)	160	109
Coal(mil.tons)	185	99.5
Steel (mil.tons)	36.4	93
Fertilizer (mil.tons)	7.7	99.2
Metal-cutting tools (mil. rubles)	621	105
Robots (1000s)	3.0	94
Computer Technology (bil. rubles)	0.9	111
Tractors (mils.)	13.2	104
Paper (mil. tons)	1.4	97
Cement (mil. tons)	29.9	94
Meat(mil. tons)	2.6	106
Margerine (1000 tons)	387	95
Watches(mils.)	16.3	96
Radios(mils.)	2.1	91
Television sets (mils.)	2.2	100.5
Automobiles (1000s)	331	99

PRODUCTION IMPROVES IN MARCH 1985

The production results for March show some improvement over the very discouraging results obtained for February 1985. There are still many difficulties but on the whole production prospects are brighter than last month. In particular, for the month of March 1985 compared to March 1984, coal production increased by 2%. That still leaves production for the first quarter somewhat below what it was in the quarter of the preceeding year. Similarly, electricity production was up 4% compared to the virtually constant results in February. For the quarter as a whole electricity production is up 7%.

Nonetheless there are still industries where production in March 1985 was lower than it was in March 1984. For example, petroleum production in March 1985 was 96% of what it had been in the preceeding March. That is an improvement over the February results which were only 94% of production in February 1984. Similarly, steel production in March 1985 was only 95% of what it had been for that month a year earlier. Production is still down for the whole quarter and is only 93% of what it was the quarter the year earlier, but it does show a slight improvement over production in the February months.

Perhaps the most surprising result however is the report that robot production (as defined by the Soviets) fell by 6%. Since production was up 25% for all of 1984, and up 149% in January 1985, this is either a typographical mistake or something drastic has happened.

Again, it should be remembered that there was one extra day because of leap year in 1984. The Soviets also report that there were two more work days during the first quarter of 1984. Nonetheless, Gorbachev still has the task of reviving production in many industries. In some of his statements he has complained about results for the first quarter and now we know why.

SOVIETS SHOW A POSITIVE BALANCE OF TRADE

For the first time in at least 8 years, the Soviets show a positive balance of trade. As the accompanying table indicates, the Soviets had a small surplus in their trade of 348 million rubles for 1984. This affects primarily the hard currency countries and does not include gold and the export of weapons systems. This surplus was accomplished primarily by increasing exports to Western Europe and Japan by almost 2 billion rubles. At the same time imports to the Soviet Union from Western Europe and Japan were reduced by about 70 million rubles. The trade surplus was not higher because the Soviets had to increase imports from the United States, Canada and Australia. Most of that increase was the result of increased grain purchases.

What is significant about the trade figures is that whereas imports from the U.S. rose by almost 1.3 billion rubles, imports from West Germany and France were about the same, while imports from Japan and Italy actually declined.

The increase in exports was primarily natural gas and petroleum, although beginning in the last quarter of 1984, petroleum exports apparently were curbed as the Soviets sought to do what they could to increase prices and utilize the petroleum for their own needs during a very cold winter siege.

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SOVIET PUBLIC OPINION CONFERENCE: A RECAP

The April 1st conference on the Role of Soviet Public Opinion provided an interesting discussion of the social dimensions of Soviet culture, and qualifications of the title 'public opinion' as it pertains to the closed society. The morning panel of Edward Beliaev (Sociolgist), Richard Dobson (USIA) and Samuel Rachlin (Nieman/Lounsbery) considered ways to ascertain what Soviet citizens really think, through both controlled questionnaires and through personal exploration and intuition.

During the afternoon session, Mervyn Matthews (Mellon Fellow), Walter Connor (RRC) and James Millar (U of IL) presented reports on individual and group projects relating to perceptions of social strata, the working class, and perceptions of the Soviet economy as seen through the eyes of emigres, respectively.

Finally, the late afternoon session consisting of Mark Beissinger (RRC), Eugene Parta (RFE/RL) and Liah Greenfeld (Social Studies, Harvard) focused on the question "does public opinion really matter?", considering the question from both practical and academic standpoints.

CURRENCY FIGURES

Rubles Purchased Per 100	April 1984	March 1985	April 1985
Austrian shilling	4.19	3.83	3.98
U.K. pound	111.60	98.43	107.53
W. German mark	29.39	26.92	28.00
U.S. dollar	79.60	90.80	87.75
French franc	9.58	8.81	9.18
Japanese yen	.351	.348	.341
Italian lira	.0475	.0429	.0438
Swiss franc	35.58	31.65	33.33

Some reversals of trends occurred in the currency exchange rates, according to the report released by Gosplan for May 1985. The Austrian shilling, U.K. pound, West German mark, French franc, Italian lira and Swiss franc all increased since the last month. Nonetheless, they are all lower than they were last year at this time. For the first time in several months the U.S. dollar and Japanese yen decreased slightly over the last month.

BALANCE OF TRADE 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984

(Millions of Rubles)

	EXPORTS FROM THE USSR								IMPORTS TO THE USSR							
	1977	1978	1979	1980	1981	1982	1983	1984	1977	1978	1979	1980	1981	1982	1983	1984
Austria	352	371	442	580	854	675	566	761	263	272	368	396	507	535	787	891
Belgium	353	408	533	842	747	1032	991	1198	220	257	286	383	450	573	611	501
Gr.Britain	958	836	1094	859	645	813	1185	1393	375	662	811	953	858	752	632	819
Greece	237	189	180	409	538	533	533	582	78	70	65	92	100	122	155	102
Denmark	200	193	301	261	252	300	290	334	50	46	72	80	208	64	65	115
Spain	163	113	152	251	274	159	300	333	63	93	144	152	375	166	250	307
Italy	1091	1112	1292	2111	2484	2821	2998	3156	790	858	863	934	1002	1222	1436	1325
Nether-lands	399	300	903	1027	1019	1505	1224	1612	166	162	243	361	458	359	489	276
Norway	72	59	87	49	52	93	80	129	52	66	51	79	96	72	102	80
Germany	1343	1498	2218	3096	3635	4065	4067	4536	1780	1969	2485	2989	2703	2913	3360	3376
France	820	840	1426	2242	2525	2228	2422	2447	904	947	1198	1510	1665	1268	1728	1777
Switzer-land	153	286	314	445	331	533	510	541	222	225	276	403	497	411	345	410
Sweden	277	312	554	355	291	409	652	563	228	190	223	322	347	345	255	272
Japan	853	736	944	950	817	757	825	840	1444	1583	1661	1773	2213	2926	2176	2054
SUBTOTAL	7350	7312	10528	13568	14610	15988	16683	18469	6675	7459	8781	10464	11516	11771	12429	12358
Sub-Balance of Trade									+625	-147	+1747	+3104	+3094	+4217	+4254	+6111
Argentina	13	22	25	30	31	28	26	26	193	309	289	1162	2372	1265	1300	1104
Brazil	104	34	20	22	16	180	107	95	210	130	160	253	534	416	591	373
U.S.A.	272	253	350	151	183	155	331	306	1262	1599	2487	1352	1662	2072	1570	2829
Canada	49	29	32	30	50	21	24	19	368	359	453	972	1377	1378	1278	1403
Australia	4	5	5	6	11	14	12	22	325	275	393	775	538	510	404	481
New Zealand	3	3	3	3	7	8	6	8	119	42	114	167	168	230	179	49
TOTAL	7795	7658	10963	13810	14908	16394	17189	18945	19152	10173	12677	15145	18167	17642	17751	18597
Balance of Trade									-1357	-2505	-1714	-1335	-3259	-1248	-562	+348

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HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

VOLUME IX, No. 10 June 5, 1985

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST FOUR MONTHS OF 1985

Product	April 1985	Jan-April 1985	% Jan.--April 1984 over Jan.-April '85
Electricity (bil.kw.hrs)	125	545	103
Petroleum (inc. gas condensate) (mil.tons)	49.0	196	95
Natural Gas (bil.cu.mtrs)	52.5	212	109
Coal(mil.tons)	60.6	245	99.6
Steel (mil.tons)	13.1	49.4	95
Fertilizer (mil.tons)	2.8	10.5	101
Metal-cutting tools (mil. rubles)	218	839	106
Robots (1000s)	1.1	4.3	105
Computer Technology (bil. rubles)	0.3	1.3	110
Tractors (mils.)	4.5	17.7	104
Paper (mil. tons)	0.5	1.9	98
Cement (mil. tons)	11.0	40.9	96
Meat(mil. tons)	0.7	3.3	106
Margerine (1000 tons)	126	513	95
Watches(mils.)	5.8	22.1	98
Radios(mils.)	0.7	2.8	91
Television sets (mils.)	0.8	3.0	102
Automobiles (1000s)	114	444	99.4

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST FOUR MONTHS OF 1985

Gorbachev's discipline seems to lack the magic that Andropov's discipline had. While production statistics for April 1985 are somewhat better than the comparable figures for March 1985, there has not been the turnaround in production that Andropov managed to produce when he took control in November 1982. Thus, in the earlier years, Andropov had managed to show positive increases in production in most of the industrial sectors as early as January and February 1983. While conditions had improved somewhat in several of the industries in April 1985, as a look at the accompanying table indicates, 1985 production in many industries is still below what it was in April 1984, and in many instances for the whole first four months of 1984. Yet it is important to acknowledge that the discipline has had some impact. In most industries, if nothing else, the drop in production is somewhat less than it had been during the first three months of 1985. As a whole for example, oil production in April 1985 was down 4% compared to the same month a year earlier, but the drop was not quite as large in absolute terms as it had been in February of this year. Similarly, gas production rose by 10% as opposed to 9% for the whole four month period. Production of what the Russians describe as robotics is up for the whole 4 months of 1985 whereas it had been down in the report last month for the

first three month period.

Equally encouraging is the fact that steel production was up 3% in the month, despite the fact that for the whole 4 month period it is down 5%. Similarly, coal production was virtually the same as it had been in April 1984. Finally, automobile production for the month of April was up slightly over what it was last year at this time.

In sum there has been some improvement, but he has not produced the same dramatic improvement that his mentor Andropov did.

SOVIET LIVESTOCK HERDS DROP

The most recent statistical report from the USSR indicates that the Soviets are having some difficulty maintaining their livestock herds. The surprising thing has been that most herds have remained constant or actually increased, during this last six year period, despite the poor harvest. Now however, it looks like the poor harvests are having an impact. As the figures below indicate, cattle herds increased by a fraction, that is .4%, and the chicken population increased by not quite 1%. All other herds decreased. Particularly striking was the drop in the hog stock. The number of hogs fell by 3%. The goat and sheep herd fell by slightly more than 3% and even the number of cows dropped slightly.

The drop in herds suggests that grain is in shorter supply, particularly feed grains, than it has been for some time, and that the Soviets apparently did not buy enough. One of the evident things about the earlier years was that they continued to buy enough grain to support their livestock herds. This time it seems they've pushed too far.

LIVESTOCK HERDS
(Millions)

	5/1/84	5/1/85
Cattle	97.9	98.3
Cows	29.8	29.6
Hogs	59.2	57.4
Sheep and goats	148.7	143.6
Chickens	781	787.8

U.S. TRADE WITH THE SOVIET UNION

U.S. exports to the Soviet Union during the first quarter of 1985 increased by about a quarter of billion dollars. An increase in the sale of almost 400 million dollars more corn provided not only for the increase but for the fact that exports of other products, particularly machinery, decreased. In contrast, imports dropped by about 25 million dollars, despite the fact that there was an increase in ammonia shipments. The main reason for the drop was due to reduction in the importation of petroleum.

CURRENCY FIGURES

Rubles Purchased Per 100	May 1984	April 1985	May 1985
Austrian shilling	4.15	3.98	3.98
U.K. pound	111.60	107.53	107.94
W. German mark	29.14	28.00	27.97
U.S. dollar	80.45	87.75	85.65
French franc	9.45	9.18	9.18
Japanese yen	.348	.341	.343
Italian lira	.0472	.0438	.0438
Swiss franc	35.26	33.33	33.20

According to the report released by Gosplan for May 1985, all currencies decreased over the last year with the exception of the U.S. dollar. Over the last month, the Austrian shilling, French franc, Italian lira stayed the same, while the U.K. pound and Swiss franc fluctuated only slightly (increasing and decreasing, respectively). The Japanese yen increased over the last month and W. German mark and U.S. dollar decreased.

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THE RUSSIAN RESEARCH CENTER takes no official stand on any economic or political trend. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editors, Marshall I. Goldman and Jean Monahan.

RRC @ 1985

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6/07/85
7:10:01

All items in U.S. domestic exports to USSR,
1982, 1983, 1984, January-March 1984, and January-March 1985

(F.a.s. value, in thousands of dollars)

ITC number	Description	1982	1983	1984	January-March-- 1984	January-March-- 1985
0	Food & live animals	1,642,161	1,194,970	2,585,083	516,957	824,986
1	Beverages & tobacco	2,979	874	1,264	0	805
2	Crude mat'l--inedible,not fuel	214,249	264,583	224,263	71,094	4,087
3	Mineral fuels, lubricants, etc	90,013	22,571	30,045	10,194	13,207
4	Oils & fats--animal & veg prod	40,565	21,507	38,872	20,983	34,984
5	Chemicals	287,846	239,398	208,219	37,532	58,998
6	Man'd goods by chief material	25,961	29,755	16,573	4,012	2,724
7	Machinery & transport equip	225,458	149,452	110,221	36,067	29,390
8	Miscellaneous man'd articles	59,129	76,422	65,908	15,714	18,014
9	Commodities & transactions nec	614	2,419	2,205	478	591
	Total	2,588,975	2,001,951	3,282,652	713,030	987,787
	Total, all items exported to USSR	2,588,975	2,001,951	3,282,652	713,030	987,787

Source: Compiled from official statistics of the U.S. Department of Commerce.

6/03/85
7:52:40

All items in U.S. imports for consumption from USSR,
1982, 1983, 1984, January-March 1984, and January-March 1985

(C.i.f. value, in thousands of dollars)

ITC number	Description	1982	1983	1984	January-March-- 1984	January-March-- 1985
0	Food & live animals	5,413	18,054	17,415	6,271	2,704
1	Beverages & tobacco	11,000	12,923	9,997	1,660	2,353
2	Crude mat'l--inedible,not fuel	10,049	12,075	19,353	7,352	3,261
3	Mineral fuels, lubricants, etc	10,946	59,158	202,563	32,931	18,650
4	Oils & fats--animal & veg prod	6	1	12	0	21
5	Chemicals	131,374	161,121	235,014	67,448	71,707
6	Man'd goods by chief material	63,349	91,304	107,794	30,276	23,271
7	Machinery & transport equip	1,624	3,750	2,874	779	946
8	Miscellaneous man'd articles	9,156	6,381	4,566	2,345	855
9	Commodities & transactions nec	5,277	2,341	2,494	422	866
	Total	248,195	367,107	602,081	149,483	124,635
	Total, all items imported from USSR	248,195	367,107	602,081	149,483	124,635

Source: Compiled from official statistics of the U.S. Department of Commerce.

6/03/85
6:16:30

Leading items in U.S. domestic exports to USSR in January-March 1985, 1982, 1983, 1984, January-March 1984, and January-March 1985

(F.a.s. value, in thousands of dollars)

Schedule B number	Description	1982	1983	1984	January-March-- 1984	January-March-- 1985
1003465	Yellow corn, not donated for r--	818,768	390,915	1,389,842	281,002	665,951
1006540	Wheat, unmilled, not donated f--	802,182	800,584	1,170,572	235,788	139,694
2807025	Phosphoric acid, 65% or more a--	268,485	214,810	186,460	32,781	55,159
1265220	Soybean oil, crude, including---	0	0	0	0	27,175
0804300	Almonds, shelled, not blanched--	10,043	2,341	24,501	0	19,341
3905510	Pressure sensitive tape with a--	36,095	58,650	54,920	13,009	14,848
2715120	Petroleum coke, calcined--------	34,269	3,125	8,178	4,950	5,884
1575620	Tallow, edible-----------------	0	0	0	0	5,809
8423840	Parts, nspf, of tractors, exce--	17,195	14,628	11,887	2,615	5,519
8476100	Electrodes, carbon or graphite--	1,569	1,197	1,609	683	3,639
1354580	Lubricating oils, nspf, except--	13,024	10	1,630	0	3,070
8403040	Parts, nspf, of steam turbines--	1,946	1,943	2,742	1,896	2,775
1356781	Mixtures of hydrocarbons, nspf--	3,885	5,501	2,529	0	2,730
4061561	Synthetic rubber, not containi--	0	8,191	14,357	3,134	2,562
8445430	Parts, nspf, for metal-cutting--	1,892	277	730	102	2,074
1575640	Tallow, inedible---------------	17,887	21,505	29,745	11,856	2,000
8417065	Industrial machinery for treat--	0	0	298	0	1,950
1354520	Automotive, diesel and marine---	10,786	5	1,255	0	1,523
4061521	Polychloroprene (neoprene) rub--	3,790	4,027	2,799	0	1,488
8423820	Parts, nspf, of tracklaying tr--	25,651	16,220	12,863	2,599	1,463
8440513	Drilling and boring machines,---	1,512	1,757	3,656	2,252	1,148
9096320	X-ray apparatus, exc x-ray tub--	10	51	0	0	1,045
8440586	Parts, nspf, of boring and dri--	20,003	12,978	9,166	7,435	949
8440230	Integral tractor shovel loader--	15,753	0	0	0	923
8695020	Percussion rock drill bits------	0	0	529	0	921
8421235	Machines for filling bottles &--	1,033	2,801	1,383	0	889
2406500	Cigarettes---------------------	0	382	318	0	805
8401410	Weaving machines, power driven--	0	0	0	0	777
8419880	Parts, nspf, of filtering and---	1,777	1,920	2,578	1,081	771
3744160	Industrial varnishes-----------	2,220	3,362	2,925	659	751
	Total----------------------	2,109,773	1,567,179	2,937,413	601,843	973,632
	Total, all items exported to USSR----------	2,588,975	2,001,951	3,282,652	713,030	987,787

Source: Compiled from official statistics of the U.S. Department of Commerce.

/03/85
:41:53

Leading items in U.S. imports for consumption from USSR in January-March 1985, 1982, 1983, 1984, January-March 1984, and January-March 1985

(C.i.f. value, in thousands of dollars)

SUSA umber	Description	1982	1983	1984	January-March--	
					1984	1985
06540	Anhydrous ammonia	100,719	96,661	156,240	38,384	43,218
03000	Urea, nspf	11,504	43,701	52,408	24,470	22,666
50260	Palladium, palladium	25,028	42,067	59,598	18,510	12,703
51015	Light fuel oils a tcr 25deg	0	51,474	177,684	32,931	11,721
52524	Leaded gasoline	0	0	0	0	6,546
50220	Platinum sponge platinum	3,971	3,006	2,960	423	2,588
17415	Ortho-xylene	0	0	4,015	984	2,454
43000	Crabs fresh chilled frozen	2,148	12,921	15,478	5,697	2,260
17420	Para-xylene	0	0	1,151	0	2,149
50270	Rhodium, rhodium content	3,482	2,111	3,683	184	1,721
93800	Vodka in containers not over	7,948	10,838	7,736	1,332	1,665
41045	Sable furskins, whole, raw	7,196	7,861	9,848	3,610	1,604
50750	Palladium bars plates etc	1,694	4,357	15,186	5,89:	1,236
81000	Aluminum waste a scrap	0	0	4,892	475	1,154
52020	Hardboard, not face finished	2,590	2,150	2,576	871	1,066
80650	Unwrought alloys of aluminum	219	143	7,687	0	1,035
80200	Unwrght aluminum nspf, other	0	27	0	0	789
93700	Vodka in containers not over	2,364	1,375	1,871	254	588
23406	Tractors, wheel ex gardn new	8	870	819	218	525
01440	Plywood, birch face not face	1,795	2,990	3,298	167	514
52010	Hardboard w/pressed surface	136	202	0	0	466
11000	Rubber waste and scrap	0	280	693	178	398
50535	Heavy fuel oils un 25 deg	32	0	9,494	0	380
57000	Acetic acid	0	0	2,219	0	323
33000	Sturgeon roe frsh, chilled,	1,042	807	929	330	302
50300	Paintings, pastels, drawings	117	3,107	2,021	1,906	271
51000	Hardboard, n/face-finished	679	1,237	2,316	242	269
30030	Rare-earth oxides except	1,214	1,306	805	222	265
99500	Estimate: items under $251 &	75	267	429	89	257
16400	Pseudocumene	0	0	1,304	0	232
	Total	173,961	289,757	547,341	137,368	121,368
	Total, all items imported from USSR	248,195	367,107	602,081	149,483	124,635

Source: Compiled from official statistics of the U.S. Department of Commerce.

7/8/85 u2030-1

HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

Volume IX, No. 11 July 3, 1985

PRODUCTION FIGURES FOR THE FIRST FIVE MONTHS OF 1985

Product	May 1985	Jan-May 1985	% Jan.-May 84 over Jan-May 85
Electricity (bil.kw.hrs)	117	662	103
Petroleum (inc. gas condensate) (mil.tons)	50.7	247	96
Natural Gas (bil.cu.mtrs)	53.6	266	110
Coal(mil.tons)	58.1	303	100.1
Steel (mil.tons)	13.3	62.7	96
Fertilizer (mil.tons)	2.9	13.4	103
Metal-cutting tools (mil. rubles)	216	1056	107
Robots (1000s)	1.2	5.5	99.1
Computer Technology (bil. rubles)	0.3	1.6	112
Tractors (mils.)	4.3	22.0	105
Paper (mil. tons)	0.5	2.4	99.5
Cement (mil. tons)	11.4	52.3	97
Meat(mil. tons)	0.7	3.9	105
Margerine (1000 tons)	119	632	96
Watches(mils.)	5.6	27.8	99
Radios(mils.)	0.7	3.5	91
Television sets (mils.)	0.8	3.8	103
Automobiles (1000s)	108	552	100

INDUSTRIAL RESULTS FOR THE FIRST FIVE MONTHS OF 1985

The results so far are not dramatic, but the economy does seem to be responding to Gorbachev's discipline campaign. Production in most industries does show an increase higher than what had been attained earlier this year. For example, natural gas production is up 11%, while it is only up 10% for the whole five month period. Similarly, electricity generation is increased by 3.5%. Even more impressive, steel production rose 1.5% for the month of May, compared to the year earlier, whereas overall production for the whole 5 months is down 4%. In the same way, coal production is up 2% for May 1985/May 1984.

Gorbachev's main problem however continues to be petroleum production. Production for the month of May was down 4% as it was for the whole 5 month period. There does seem to be some slight improvement, but so far nothing dramatic.

Overall, it is fair to say that production does seem to be improving and it is safe to argue that much of this is due to the emphasis on discipline and the crackdown on drunkeness.

SOVIET BALANCE OF TRADE WITH EASTERN EUROPE

The Soviet balance of trade with Eastern Europe for 1984 does not differ markedly from the conditions that existed in 1983. The one notable exception is that the Soviet trade surplus with Poland grew to almost 800 million rubles compared to almost 500 million rubles in 1983. That is clearly not something the Soviets would like, and it suggests that they've been giving more, if inadvertent, help to Poland than had been the case in 1983. Whereas last year Romania was the only country that had a modest trade surplus in its dealings with the Soviet Union, this year it is only Hungary.

Overall the trade surplus increased slightly, but is still less than it was during the very big deficit years in trading with Poland of 1981. p. 3

U.S. TRADE WITH EASTERN EUROPE

In our trade with Eastern Europe our exports dropped while our imports increased, thereby increasing the size of the trade deficit. For Eastern Europe as a whole, we now have a trade deficit of a quarter of a billion dollars. As with the Soviet Union, our main exports to Eastern Europe consist of agricultural products, and our main imports are of petroleum. pp.6-7

CORPORATE SPONSOR SEMINARS ANNOUNCED FOR FALL 1985

The Russian Research Center will resume its seminars on the Soviet Union and Eastern Europe beginning September 23, 1985. The first seminar will be our Fourth Orientation for Journalists. It will combine a discussion of internal and external political developments, as well as a look at economic and sociological trends. The seminar is intended primarily for journalists, and the first draft of the program will be included in the August Newsletter. You might want to mark your calenders now, however.

The second Corporate Sponsor seminar will be held on Monday, October 21st. It will focus on agriculture and agrobusiness in the Soviet Union.

LIVESTOCK HERDS CONTINUE TO SHRINK

As a look at the enclosed table suggests, except for chickens, the census of all other major animal categories in the Soviet Union deteriorated as of June 1, 1985 compared to May 1, 1985. Again, with the exception of chickens, the drop in the size of the herd was either greater than it had been in May of this year, or the increase in the size of the herd was smaller. Most important, the number of cows, hogs and sheep & goats is lower overall than it was in June 1984. As we mentioned in last month's Newsletter this is a rather atypical pattern compared to the growth of livestock herds that has occured the last few years.

We enclose a letter to the editor which is a more definitive explanation of what has happened. p. 3

CURRENCY FIGURES

Rubles Purchased Per 100	June 1984	May 1985	June 1985
Austrian shilling	4.17	3.98	3.96
U.K. pound	110.86	107.94	108.73
W. German mark	29.32	27.97	27.81
U.S. dollar	80.10	85.65	86.10
French franc	9.54	9.18	9.13
Japanese yen	.346	.343	.345
Italian lira	.0474	.0438	.0438
Swiss franc	35.48	33.20	33.03

According to the report released by Gosbank for June 1985, all currencies decreased, relative to the ruble, over the last year with the exception of the U.S. dollar. Over the last month, the U.K. pound, U.S. dollar, and Japanese yen all increased. All other currencies decreased except for the Italian lira, which stayed the same.

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THE RUSSIAN RESEARCH CENTER takes no official stand on any economic or political trend. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editors, **Marshall I. Goldman and Jean Monahan.** **RRC @ 1985**

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SOVIET BALANCE OF TRADE WITH EASTERN EUROPE
(in million rubles)

	Exports from U.S.S.R.					Imports to U.S.S.R.				
	1980	1981	1982	1983	1984	1980	1981	1982	1983	1984
Bulgaria	3660	4375	4885	5511	6124	3439	3697	4288	5053	5608
Czecho-slovakia	3648	4382	5048	5872	6591	3536	4105	4732	5420	6017
GDR	4873	5526	6420	6798	7481	4327	5155	5776	6596	7367
Hungary	2982	3307	3707	4058	4321	2757	3300	3746	4007	4434
Poland	4406	4931	4813	5274	6069	3596	3221	4097	4787	5297
Romania	1350	1779	1424	1640	1807	1441	1673	1683	1665	1755
	20,919		26,297		32393	19096		24,322		30,478
		24,300		29,153			21,151		27,528	
Balance of Trade						+1823	+3149	+1975	+1625	+1915

LIVESTOCK HERDS

(Millions)

	6/1/84	6/1/85	6/1/85 as a % of 6/1/84	5/1/85 as a % of 5/1/84
Cattle	98.7	98.9	100.2%	100.4%
Cows	29.9	29.7	99.3	- 99.3
Hogs	60.1	57.8	96.2	97.
Sheep & Goats	148.6	143.5	96.6	96.8
Chickens	794	796	100.3	100.1

United States Department of Agriculture
Economic Research Service
Washington, D.C. 20250

June 21, 1985

The Editors
RRC Newsletter
Russian Research Center
Harvard University
Cambridge, MASS 02138

Dear Editors,

Not too long ago, I read a piece in your newsletter on the Soviet livestock situation ("Soviet Livestock Herds Drop", Volume IX, No. 10). It seems that lately there has been a large amount of speculation on this topic. Since your newsletter represents the most prestigious group of Russian scholars in the United States, I feel compelled to offer clarification of your analysis.

First of all, the ability of the Soviets to maintain livestock numbers over the last six years is not such a mystery if we look at what has happened to both the quantity and quality of non-grain feeds (which make up nearly two-thirds of Soviet feed supplies on an energy basis). In the last two years, Soviet feed supplies have been at record levels, though there was a small decline in 1984/85 in comparison with 1983/84. As the 1984 harvest got underway, animal performance in terms of slaughter weight and milk yields had fully recovered from the declines reported in the early 1980's. In this sense, we cannot speak of "six consecutive poor harvests" having a cumulative impact on livestock performance.

More importantly, to understand what is going on currently in the Soviet livestock sector we need to go beyond a look at inventories. The emphasis on economic "intensification" has not by-passed agriculture. In the livestock sector this has meant getting more products per animal rather than relying on expanded holdings of low productivity animals. In certain cases, we have seen that the emphasis on maintaining inventories has been giving way to higher priority on livestock output (see Sel'skaya zhizn', 11/20/84 or Sovetskaya rossiya, 11/14/84). Despite the small growth in cattle and poultry numbers, beef production is up 7 percent and poultry meat production 8 percent over last year, which would indicate some success in this direction.

This is not to say that feed supplies are not tight. We estimate that they are down roughly 2 percent from the 1983/84 year. What really caught the Soviets by surprise, though, was the unusually severe winter and delayed spring, which put an unanticipated strain on over-wintering feed supplies. By emphasizing cattle (other than cows) and poultry at the expense of hogs and cows, the Soviets have successfully maintained stable growth in meat production while adjusting inventories in response to poor winter and spring conditions (it should be emphasized that the larger than usual hog slaughterings account for a very small share of increased meat production in 1985).

What is striking to me about the 1984/85 trade year is not that the Soviets didn't import enough grain, but that in comparison with past years (and 1981/82 in particular) they were not satisfied with simply maintaining meat production following a poor harvest. Rather, they imported enough to maintain growth in meat production. This step-up in willingness to import feed is a result of the emphasis on improved meat supplies in the Food Program and possibly a personal commitment on the part of Gorbachev.

Sincerely,

E. Cook

Edward C. Cook
East Europe/USSR Branch
IED/ERS/USDA
500 12th St., S.W.
Washington, D.C. 20250

/03/85
:50:35

Leading items in U.S. imports for consumption from EASTERN EUROPE in January-March 1985, 1982, 1983, 1984, January-March 1984, and January-March 1985

(C.i.f. value, in thousands of dollars)

SUSA umber	Description	1982	1983	1984	January-March-- 1984	January-March-- 1985
53500	Naphthas derived petroleum,-----	21,333	25,038	238,259	55,945	81,996
76625	Plates ios not cut etc a not----	0	0	81,773	1,207	61,231
73525	Pork hams & shouldrs, boned,----	94,408	130,753	122,609	26,651	40,172
56530	Liquid derivatives of----------	0	0	105,253	24,781	14,649
23290	Parts nspf of motor vehicles----	0	0	0	0	11,079
76610	Steel plate not alloy in--------	0	0	4,595	594	8,488
52528	Unleaded gasoline---------------	0	0	0	0	7,321
69030	Other lamps including----------	13,463	12,490	16,077	4,578	7,291
03000	Urea, nspf---------------------	2,332	13,317	54,971	10,439	6,374
78360	Steel sheet pickled and/or------	0	654	35,496	1,209	5,900
04740	Pollock, skinned and boned,-----	7,664	432	0	0	5,544
76730	St sheet n shpd, etc n cr n-----	0	0	3,287	565	5,134
71700	Steel wire rods no alloy not----	2,551	10,382	29,083	2,107	5,025
06510	Ammonium nitrate---------------	0	1,039	11,145	1,567	4,695
02800	Cigarette leaf, not stemmed,----	18,765	27,523	19,742	5,855	4,359
59500	Other woven fabric of veg-------	13,469	6,462	14,162	3,708	3,463
22520	Hops, nspf---------------------	8,630	5,910	7,929	6,963	3,237
51500	Apple or pear juice not mixd----	560	2,612	3,185	1,842	3,112
82563	Aluminum sheets and strip, n---	0	0	31,738	5,303	3,080
25109	Pneumatic tires, new, for-------	3,966	8,884	8,155	2,365	2,977
21000	Cardiovascular drugs, except----	0	0	2,133	0	2,931
23460	Parts of agricultural----------	9,131	3,251	12,719	3,644	2,793
71500	Furniture and parts of---------	8,580	8,023	10,640	2,370	2,701
02940	Footwear for work, leather,-----	4,132	5,737	6,433	1,392	2,404
82345	Printing presses, nspf---------	2,840	2,428	4,189	472	2,332
62622	Nails etc iron/steel, smooth----	2,367	6,157	9,440	2,762	2,225
72900	Chairs, wood, nspf-------------	5,941	6,548	6,224	1,189	2,219
01515	Wool floor covergs pile hand----	3,703	3,989	5,573	1,111	2,067
20440	Motor buses, except gasoline----	5,005	3,622	3,028	856	2,028
03550	Footwear, leather, nspf for-----	11,578	10,812	8,554	928	2,027
	Total---------------------	240,416	296,063	856,393	170,401	308,874
	Total, all items imported from EASTERN EUROPE-------	898,076	1,098,880	1,748,980	377,972	449,704

Source: Compiled from official statistics of the U.S. Department of Commerce.

/03/85
:21:30

Leading items in U.S. domestic exports to EASTERN EUROPE in January-March 1985, 1982, 1983, 1984, January-March 1984, and January-March 1985

(F.a.s. value, in thousands of dollars)

hed B lumber	Description	1982	1983	1984	January-March-- 1984	1985
45260	Soybean oil cake and oil-cake---	83,778	121,520	76,462	33,606	35,176
01400	Cattle hides, whole----------	61,456	65,428	88,707	18,910	25,485
03465	Yellow corn, not donated for r--	296,923	118,231	107,629	35,389	21,263
54100	Soybeans, except seed for plan--	84,751	125,056	143,543	60,291	20,262
13110	Low volatile bituminous coal a--	11,180	16,145	32,211	2,111	10,525
03440	Corn seed, except sweet corn s--	1,707	1,318	900	893	10,168
83900	Commodities nspf, donated for---	20,489	40,648	32,769	10,674	8,948
09500	Other fertilizers, including c--	0	32	43,045	9,493	7,920
83100	Food products, nspf, donated f--	14,437	4,876	12,980	1,328	5,244
07050	Concentrated superphosphate, 4--	27,137	28,961	20,695	0	3,785
23840	Parts, nspf, of tractors, exce--	6,923	3,879	9,866	2,309	2,159
40588	Parts, nspf, of excavating mac--	621	3,646	6,569	895	2,028
14030	Wheat flour, except durum and---	7,780	7,382	8,601	707	1,723
06500	Cigarettes----------	3,277	6,204	5,626	1,091	1,696
61900	Herbicides, unmixed, incl plan--	54	142	1	0	1,645
03040	Parts, nspf, of steam turbines--	0	6	7,815	0	1,602
83400	Apparel privately donated (rel--	3,911	5,490	6,227	670	1,575
03340	Tobacco, burley leaf cigarette--	1,835	5,321	2,003	1,267	1,500
53300	Corticosteroids, nspf, bulk-----	810	685	2,071	990	1,469
65560	Parts, nspf, of automatic data--	5,706	4,992	5,420	1,545	1,341
31035	Compound catalysts, nspf--------	4,840	2,370	8,994	0	1,255
65260	Soybean oil, fully refined, do--	8,756	7,672	7,617	0	1,202
04200	Glass rods, tubes, & tubing, n--	2,722	3,246	4,104	1,064	1,155
62900	Insecticides, unmixed, nspf-----	3,219	1,741	1,912	680	978
03320	Tobacco, filler, cigarette lea--	5,588	7,138	1,392	0	972
94595	Interchangeable tools for hand--	8	168	0	0	910
84000	Used wearing apparel and other--	6,116	3,549	3,357	1,086	897
55020	Nonfat dry milk containing not--	3,238	10,123	5,201	108	795
08160	Manufactured tobacco, nspf, in--	0	0	0	0	785
03021	Cotton linters, other, except---	393	526	857	39	782
	Total----------	667,654	596,493	646,574	185,146	175,246
	Total, all items exported to EASTERN EUROPE---------	996,387	876,695	884,198	248,971	210,375

Source: Compiled from official statistics of the U.S. Department of Commerce.

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HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

Volume IX, Number 12 August 9, 1985

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST SIX MONTHS OF 1985

Product	Jan-May 1985	% Jan-May 84 over Jan- May 85
Electricity (bil.kw.hrs)	775	103
Petroleum (inc. gas condensate) (mil.tons)	295	96
Natural Gas (bil.cu.mtrs)	316	110
Coal(mil.tons)	363	100.5
Steel (mil.tons)	75.6	97
Fertilizer (mil.tons)	16.1	103
Metal-cutting tools (mil. rubles)	1288	108
Robots (1000s)	7.0	99.4
Computer Technology (bil. rubles)	2.0	111
Tractors (mils.)	26.2	104
Paper (mil. tons)	2.9	99.7
Cement (mil. tons)	63.6	98
Meat(mil. tons)	5.3	103
Margerine (1000 tons)	741	97
Watches(mils.)	33.3	99.1
Radios(mils.)	4.2	92
Television sets (mils.)	4.6	103
Automobiles (1000s)	658	99.4

PRODUCTION FIGURES FOR THE FIRST HALF OF 1985

With the exception of oil, production seems to be improving. For example, coal production for June 1985 was up 3% over the preceeding year. For the whole six month period of course, coal production is just up .5 of a percent, but the important thing is that on a month by month basis, Gorbachev's discipline campaign seems to be working. The same results appear in the steel industry. Production for June 1985 in the steel industry is up 1.6%. This pulls the overall production for the six months up a bit, even though on a six month basis production is only 97% of what it was a year ago for the six months.

One noteable exception, as mentioned earlier, is in the petroleum industry. There, production for the whole six month period is down 4%. For June alone, however, there is some indication that production was down 5%, somewhat more than the overall average. These figures are imprecise, due to rounding off. We don't know what the precise figure was for June 1985. We can only obtain an estimate using a residual figure.

Nonetheless, the Russians still have something to worry about in the petroleum industry. So far, for the twelve months as a whole, production is down 12 million tons. Assuming that production beginning in July is exactly the same as it was in

July 1984 and continues to exactly equal what it had been for the remainder of the year, that would mean that production for all of 1985 would just barely equal 600 million tons or 12 million barrels a day. If production should continue to drop as it has (by 4%) for the rest of the year, then that would mean that production would fall under 600 million tons and would equal approximately 586 or 587 million tons, which would be then 11.5 or 11.75 million barrels a day.

CORPORATE SPONSOR SERIES BEGINS

The first Corporate Sponsor session for the year will be held in Cambridge on October 21, Monday, at the Harvard Faculty Club, 20 Quincy Street, in Cambridge. This year, as we did two years ago, we will take a look at Soviet agriculture, and the prospects for reform inside the country and the Soviet need for grain imports. We have already arranged for representatives from some of the grain companies to present their views of the grain market. We also expect to have specialists and officials from the Department of Agriculture as well as some traders from other grain growing countries. The full program will be included in the September Newsletter.

CURRENCY FIGURES

Rubles Purchased Per 100	July 1984	June 1985	July 1985
Austrian shilling	4.12	3.96	4.08
U.K. pound	107.80	108.73	114.23
W. German mark	28.93	27.81	28.69
U.S. dollar	82.50	86.10	82.30
French franc	9.43	9.13	9.44
Japanese yen	.340	.345	.345
Italian lira	.0472	.0438	.0442
Swiss franc	34.42	33.03	34.46

According to the report released by Gosbank for June 1985, all currencies increased, relative to the ruble, over the last month, with the exception of the U.S. dollar. The Japanese yen remained the same. Over the last year, the Swiss franc and the French franc increased slightly, while the Austrian shilling, West German mark, U.S. dollar, Italian lira all decreased. The U.K. pound increased by 7 rubles.

THE RUSSIAN RESEARCH CENTER takes no official stand on any economic or political trend. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editors, **Marshall I. Goldman and Jean Monahan.** RRC © 1985

ANNUAL JOURNALIST ORIENTATION

The Orientation for Journalists this year will be held September 23, Monday, at the Harvard Faculty Club, 20 Quincy Street in Cambridge. The focus this year will be on the Soviet Union as it prepares for the Geneva summit meeting between President Ronald Reagan and General Secretary Mikhail Gorbachev. In addition to the usual discussion of political, social and economic developments, there will be special presentations on arms control by academic specialists. The special guests from the media will be Dusko Doder, who will be returning from his post as Bureau Chief of the **Washington Post** in Moscow, Bernard Gwertzman, formerly in Moscow, now covering the State Department in Washington for the **New York Times**, and Stuart Loory, currently assigned to Moscow for Cable Network News. The full program is included with this Newsletter, as well as an application form.

In years past each of our Journalist conferences was followed by the death of the then General Secretary of the Communist Party. The odds are that this year we won't be quite so timely. Nonetheless, this should provide a useful background to Soviet abilities and concerns as it moves into the summit discussions at Geneva.

This is Jean Monahan's last Newsletter. Jean leaves to attend graduate school in Creative Writing at Columbia University. We wish her well, and express our thanks for her help during these last two years.

Her replacement will be Gary Eynatian. I hope he has the patience that Jean has had as we begin our 10th year of publishing next month.

Marshall I. Goldman

FROM TRADE SURPLUS TO TRADE DEFICIT

In a surprising turnaround, Soviet foreign trade with the hard currency countries during the first quarter of 1985, registered a sharp deficit. Whereas the Soviets had only a very small trade deficit in the first quarter of 1984 of 100 million rubles, that shifted to almost a 2 billion dollar deficit during the first quarter of this year.

This sharp turnabout is accounted for primarily by the fact that Soviet exports, which were over 4 billion rubles in the first quarter of 1984, fell by 1.2 billion rubles during the first quarter of 1985. Also, there was an increase in grain exports, particularly from the United States. This increase in grain exports from the U.S. by about 300 million dollars, was more than enough to offset what otherwise would have been a fairly flat level of imports into the Soviet Union. This flat level of imports also helps to explain why the West European countries and the Japanese have been complaining about the Soviet refusal to import more from them.

The main explanation for the drop in Soviet exports is that the Soviets declared **force majeure** on their oil and some of their natural gas exports during the first quarter of 1985. This was largely a consequence of the very cold weather. It is also the case of course that production of petroleum has been dropping. There is good reason to believe, however, that it was not the drop in production as much as the need to burn more energy at home and the freezing of supply line equipment, which provoked the curtailment of petroleum exports. After all, natural gas production increased sharply, nonetheless, gas exports were also curbed, again largely because the gas was used at home.

There is every reason to believe that subsequently, petroleum exports increased. We will have to wait to receive the second quarter figures to confirm that, but given the fact that the Russians have again begun to cut petroleum prices in the world market, there is good reason to believe that they are back looking for customers.

LIVESTOCK HERDS

(Millions)

	7/1/84	7/1/85	7/1/85 as a % of 7/1/84
Cattle	98.2	98.4	100.2
Cows	29.9	29.7	99.3
Hogs	60.3	57.9	96.0
Sheep & Goats	143.7	138.9	96.7
Chickens	777.5	791.1	101.7

LIVESTOCK HERDS SHOW LITTLE CHANGE FROM LAST MONTH

The livestock herds, as indicated in the accompanying table, have changed little since June 1, 1985. The July 1st levels are approximately the same, although pig herds show a very slight drop which is offset to some extent by the increase in chickens and the slight increase in goats and sheep. Nonetheless it is still below what it was on July 1, 1984.

BALANCE OF TRADE - 1st QUARTERS OF 1981, 1982, 1983, 1984 1985

(Million Rubles)

	EXPORTS FROM THE USSR					IMPORTS TO THE USSR				
	1981	1982	1983	1984	1985	1981	1982	1983	1984	1985
Austria	189	196	149	167	142	137	119	188	230	166
Belgium	105	280	230	194	178	125	198	152	142	149
Great Britain	148	219	227	307	252	300	169	208	183	166
Greece	99	121	36	84	107	30	37	35	32	27
Denmark	31	94	68	60	61	108	29	19	36	21
Spain	65	30	68	54	47	131	61	84	65	107
Italy	474	589	745	721	388	247	292	392	294	302
Netherlands	189	317	378	371	103	158	142	129	58	68
Norway	20	9	10	29	10	20	17	18	27	15
Germany	477	1001	851	1119	773	722	744	940	800	838
France	485	471	432	572	407	468	348	491	473	509
Switzerland	15	87	139	83	71	181	118	121	90	134
Sweden	30	66	116	129	83	105	101	72	67	79
Japan	201	187	196	195	208	609	801	654	520	570
SUBTOTAL	2528	3667	3645	4058	2830	3391	3176	3503	3017	3151
Sub-Balance of Trade						-863	+491	+142	+1041	-321
U.S.A.	12	23	54	83	75	573	980	526	580	1005
Canada	17	7	4	3	6	137	148	243	86	84
Australia	2	2	1	5	1	252	130	202	137	202
New Zealand	1	2	1	1	—	50	109	88	22	23
Argentina	12	8	7	6	12	349	310	367	323	296
Brazil	2	44	4	42	24	138	148	93	161	57
TOTAL	2574	3753	3716	4225	2948	4890	5001	5022	4326	4818
Balance of Trade						-2316	-1248	-1306	-101	-1870

Gorbachev solidifies his power

Kremlin leader shuffles high command, ousts his chief rival Romanov

By Marshall I. Goldman
Special to The Globe

Soviet leader Mikhail Gorbachev's display of political power at last week's session of the Central Committee of the Soviet Communist Party and the Supreme Soviet confirmed not only his full command over the Politburo, which came as no surprise, but also his ability to move with a speed unmatched by any of his predecessors.

In the past, new general secretaries of the Communist Party, even Stalin, proceeded cautiously to shore up their political base. Only several years later would the general secretary feel bold enough to purge his rivals or potential opponents. Within four months of asserting overt power, Gorbachev has managed not only to throw out his most serious rival, but to stack the Politburo and the Secretariat so that his supporters are firmly in charge.

Prior to Konstantin Chernenko's death, it was taken for granted that the only serious candidate for general secretary, other than Gorbachev, was Grigory Romanov. Only Romanov also was a member of both the Politburo and the Secretariat, hitherto a prerequisite for selection to the No. 1 job.

Last week, Romanov was formally purged, as the saying goes, "for reasons of health." Considering that, at age 62, Romanov was one of the younger members of the Politburo and that until his disappearance from view in May there were no signs of poor physical health, it was probably his "political health" that they had in mind. By removing Romanov, this way and so soon, Gorbachev has demonstrated that he is in charge and that, as in the days of Stalin, Nikita Khrushchev and Leonid Brezhnev, there is no room in the Soviet system for "a loyal opposition."

Oblivion no longer means what it did under Stalin, but we will probably not hear too much more from Romanov, and, for that matter, from others still in the Politburo who, because of age and of political indiscretion, are equally dispensable.

This also suggests that the Yuri Andropov and Konstantin Chernenko tenures, when rivals (Chernenko and Gorbachev) were not purged, were abnormal. The abnormality was due to the fact that neither Andropov nor Chernenko was strong enough to purge rivals. The balance was so close under Chernenko that even though the Politburo had shrunk to only 11 members, the group was apparently unable to agree on any new appointments.

How did Gorbachev accumulate so much power so quickly? We now know that he had taken effective control of the Politburo before Chernenko's death in March. This was confirmed by Andrei Gromyko, who reported that Gorbachev had assumed the acting chairmanship of the Politburo while Chernenko was hospitalized, as well as by the speed with which Gorbachev's appointment was formally announced after Chernenko's death, instead of a day or two that is normally required to pick a successor. Gorbachev's selection was announced within five hours – so quickly, in fact, that Soviet papers ran his picture on the front page rather than the deceased's, which is normally the case.

Two unexpected moves

The one event of the week that was truly unexpected, even bizarre, in the view of Kremlinologists, was the appointment of Eduard Shevardnadze as minister of foreign affairs. Shevardnadze replaces that old rock, Andrei Gromyko, who was seemingly kicked upstairs and made president of the Supreme Soviet, traditionally a ceremonial post.

Instead of making Andrei Gromyko president of the Supreme Soviet, it had been expected that Gorbachev would award the title to himself. The General Secretary of the Communist Party, the effective head of the Soviet Union, has worn both hats since Brezhnev put them on in 1977. When Andropov and Chernenko picked up the additional titles a few months after their appointment as general secretary, Kremlinologists assumed that the practice would continue.

What explains Gorbachev's failure to pick up this extra honor? There is little to indicate that Gorbachev lacked the power to do so. Gorbachev now has eight to nine votes out of the 13 in the Politburo that he can count on in any showdown. Following in the footsteps of his mentor, Andropov, Gorbachev has been busy purging regional party and government leaders, those who make up the Central Committee of the Communist Party. Now approximately 30 percent of the party's secretaries are brand new and beholden to Gorbachev.

The explanation for Gorbachev's reticence is probably just what Gorbachev has stated publicly. He wants to concentrate his attention on preparing the next Five Year Plan, due in 1986, and on drawing up and implementing economic reforms. As president of the Supreme Soviet, he would have to divert a good deal of his effort to even more ceremonial appearances that he must make now.

That also seems to be the reason for his unwillingness to meet with President Reagan in the United States. It would be all but impossible to restrict such a meeting to the two- or three-day span now planned for Geneva. By the time Gorbachev had made all the obligatory visits to New York, Washington, Camp David and California, he would have lost at least a week's time, and probably more, from his work on the economy.

That is not to say that Gorbachev would not like to assume the post in a few year. What better strategy then to appoint the next-to-the-oldest member of the Politburo, the 75-year-old Gromyko as president? (The oldest member of the Politburo, Nikolai Tikhonov, 79, already is spoken for – he is the prime minister – at least for a while.) Even allowing for Gromyko's relatively good health, the mortality odds are that the job will turn over in good time. In the meantime, Gorbachev will have had a chance to reward one of his staunchest supporters from the Old Guard. It was Gromyko, after all, who officially nominated Gorbachev to the post of General Secretary. Not only was Gromyko unusually forthcoming in his praise for Gorbachev, but Gromyko's support ensured that Grigory Romanov could not count on the entire Old Guard, some of whom had apparently become nervous about Gorbachev's promised crackdown on corruption and inefficency.

While Gromyko may have had some regret over forsaking a job he had managed well for 28 years, he probably welcomes the promotion. At his age, travel becomes more difficult. Besides, as president of the Supreme Soviet, he will continue to involve himself with foreign leaders and concerns. More important, his new post will not only assure him of more asterisks after his name on any leadership list, but a burial place behind Lenin's Tomb, rather than a somewhat more pedestrian slot in the Kremlin Wall.

Why Shevardnadze?

What remains to be explained, however, is Gorbachev's decision to appoint Shevardnadze as the minister of foreign affairs. Until this week, he was only the general secretary of the Communist Party in the Republic of Georgia. That meant that most of his time was spent not in Moscow, where he was also a candidate member of the Politburo, but in Georgia, and most of his attention was devoted to dealing with local Republic of Georgia politics. Except for a rare once-a-year trip to places like Portugal or Algeria, Shevardnadze had almost no experience dealing with foreign affairs outside the Communist bloc. His appointment was comparable to appointing the governor of Georgia to be the American secretary of state. We did something like that once, and the results were not the best.

Why then make such an appointment? For the United States, the question is particularly important, because it will be Shevardnadze, just as Gromyko before him, who will be the Politburo member who will deal most with the United States. To some extent, as president of the Supreme Soviet, Gromyko can continue to be involved and attend diplomatic conferences in Moscow as well as summit-type meetings in Geneva.

But to an outsider, it would have seemed to have made more sense if someone professional had been selected from the foreign service. This, after all, was what happened when Gromyko himself was plucked out of the professional service and installed as a full member of the Politburo without serving as a candidate member. For example, Gorbachev could have picked Anatoly Dobrynin, the Soviet ambassador to the United States.

It may be that, at 65, Dobrynin is too old, particularly given the reports that he has some health problems. More likely, it is that Gorbachev wanted a more experienced political man in charge, someone who had already had at least candidate status in the Politburo. If that was a consideration, then Shevardnadze is a more logical candidate than any of the other full or candidate members of the Politburo.

There is also the strong hint that Gorbachev does not want anyone with too much experience dealing with foreign affairs. Compared to Shevardnadze, Gorbachev actually has had more travel and dealings outside the bloc. This suggests that, ultimately, Gorbachev wants to play a very active role in foreign policy. However, that is unlikely to happen for some time – at least until Gorbachev tries his hand at economic reform.

In the meantime, US-Soviet relations will pass through a new phase. It will be the American side that will now have the experienced negotiators – not the Soviets. In all likelihood, the Soviet side will be as stubborn as ever, but this could herald a somewhat less dogmatic stance by Soviet negotiators. On July 31, when Secretary of State George Shultz and Shevardnadze meet for the first time in Helsinki, we will have a chance to judge.

Marshall I. Goldman is professor of economics at Wellesley College.

This article appeared in the July 7, 1985 issue of the Boston Globe, on page 64.

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HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

THIS ISSUE BEGINS OUR TENTH YEAR OF PUBLICATION

Those with sharp eyes (and given the corrections that come from our readers so frequently, it seems that all our readers have) will notice that this issue marks our tenth year of publishing this Newsletter. Despite our expectations, our circulation remains somewhat less than that of the Wall Street Journal and the New York Times. Nonetheless, we can tell from the calls and letters we get when an issue is unusually late, that there are those who have come to read it with regularity and use it for their own work.

Given the modesty of the operation, the fact that it has lasted this long is testimony more to stubbornness than to an overabundance of resources. Certainly, ten years ago no one seriously expected that we would last this long. But we have never missed an issue (perhaps we were not always so punctual) though some issues have been thinner and contained more mistakes than others. But no one has sued us yet for malpractice.

For those who have stuck with us all these years, we appreciate all of your support and, as always, we welcome your suggestions and criticisms. We would also welcome any suggestions as to what we should be doing differently and better. Contributions of short articles, not only in the form of corrections but in terms of new thoughts, would also be most welcome.

All in all, it's been fun and who knows, maybe there will even be a twentieth anniversary issue.

For those who like to deal in the past, we enclose a reproduction of our first issue.

CORPORATE SPONSOR SERIES BEGINS WITH SEMINAR ON AGRICULTURE

Soviet agriculture, the prospects for its reform, and the Soviet need for grain imports will be the topics discussed at this year's first Corporate Sponsor session of the academic year.

It will be held in Cambridge on Monday, October 21, at the Harvard Faculty Club, 20 Quincy Street, in Cambridge.

Representatives from some of the grain companies will present their views of the grain market. We also expect to have specialists and officials from the Department of Agriculture as well as some traders from other grain growing countries. Of particular interest will be the representatives from Canada and perhaps Argentina. In addition, we will have a speaker who actually worked on a Soviet farm as part of a 4-H exchange agreement and who will just be returning from a tour of duty as agricultural attache in the U.S. Embassy in Moscow.

Enclosed is the preliminary program indicating those who have already agreed to speak. We expect that there will be one or two additional speakers who have yet to confirm their attendance. An application form for the seminar is included with this Newsletter.

KEEP US INFORMED

Please let us know if you would like to stop receiving this Newsletter or if there is a change of your address which we should know about.

Send changes to:

Gary Eynatian
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CURRENCY FIGURES

Rubles Purchased Per 100	Aug 1984	July 1985	Aug 1985
Austrian shilling	4.09	4.08	4.15
U.K. pound	108.72	114.23	112.76
W. German mark	28.71	28.69	29.19
U.S. dollar	83.15	82.30	81.30
French franc	9.36	9.44	9.55
Japanese yen	.338	.345	.342
Italian lira	.0467	.0442	.0435
Swiss franc	33.75	34.46	35.33

According to the report released by Gosbank as of August 16 1985, all of the currencies listed above varied only slightly from last months figures. There is no appreciable change worth noting in fact. The dollar decreased slightly, relative to the ruble, moving from 82.30 rubles per 100 dollars in July to 81.30 rubles per 100 dollars in August.

LIVESTOCK HERDS (Millions)

	8/1/84	8/1/85	7/1/85 as % of 7/1/84	8/1/85 as % of 8/1/84
Cattle	97.9	97.9	100.2	100.0
Cows	29.8	29.6	99.3	99.3
Hogs	61.8	59.4	96.0	96.1
Sheep & Goats	139.4	135.3	96.7	97.1
Chickens	786.7	803.3	101.7	102.1

LIVESTOCK CHANGES SLIGHT - MORE CHICKENS

Whatever the explanation, the livestock herds as a whole are lower than they were on August 1, 1984. There are some contradictory swings in the size of the different herds, but except for chickens, everything else is lower than it was last year. However, there is a slight improvement from last month's figures.

SOVIET BALANCE OF TRADE WITH EASTERN EUROPE

The Soviet balance of trade with Eastern Europe for the first quarter of 1985 shows a drop in the Soviet trade surplus compared to the first quarter of 1984. This is largely due to the fact that Bulgaria, Czechoslovakia, Hungary, and Romania which in 1984 had trade deficits with the Soviet Union, now have trade surpluses for the first three months of the year. Offsetting that, although not enough to influence the overall trend, is the fact that the Soviet Union's trade surplus with Poland increased from what it had been for the first quarter a year ago.

see table p.4

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST SEVEN MONTHS OF 1985

The main focus of attention in industrial production remains crude oil output. Production for whole seven month period, as well as for the month of July, is 4% below what it was the preceding year. Given that the figure for June 1985 could be interpreted as a drop of 5% below what had been the case a year earlier, the fact that it is now back to 4% should be somewhat reassuring.

A look at the other figures suggests that on the whole, production is improving above what it was a year ago. Again, the temptation is to attribute this to Gorbachev's campaign to increase production and to crack down on alcoholism. The results are most evident in looking at coal production for the month of July. On a month-to-month basis, production is up 2.7% over what it had been in July 1984. That suggests that the marginal rate of improvement is greater than for the average rate which shows that for the whole seven months, production is up .8% . The same improvement is shown in the steel industry. On a July-July basis, production is up 1.6%, whereas for the whole seven months, production is down 2%.

The only other areas worthy of note is meat where it looks, at least superficially, that production of meat in July was the same as it was a year ago. It is also worth mentioning that robot production (however it's defined by the Soviets) is less during the first seven months of this year than it was last year.

table →

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST SEVEN MONTHS OF 1985

Product	July 1985	Jan.-July 1985	% Jan.-July 85 over Jan.-July 84
Electricity (bil.kw.hrs)	116	891	104
Petroleum (inc. gas condensate) (mil.tons)	50.2	346	96
Natural Gas (bil.cu.mtrs)	51.7	368	110
Coal(mil.tons)	60.4	423	100.8
Steel (mil.tons)	13.1	88.7	98
Fertilizer (mil.tons)	2.8	18.9	105
Metal-cutting tools (mil. rubles)	221	1513	109
Robots (1000s)	1.1	8.2	99
Computer Technology (bil. rubles)	0.3	2.3	111
Tractors (mils.)	4.4	30.6	104
Paper (mil. tons)	0.5	3.4	100.4
Cement (mil. tons)	11.3	74.9	99
Meat (mil. tons)	0.7	5.4	103
Margerine (1000 tons)	33.1	774	97
Watches (mils.)	5.8	39.0	100.1
Radios (mils.)	0.7	5.0	93
Televisions (mils.)	0.8	5.4	104
Automobiles (1000s)	115	772	100.1

ANNUAL JOURNALIST ORIENTATION

The registration for the conference "Orientation for Journalists," to be held September 23, Monday, at the Harvard Faculty Club, 20 Quincy Street in Cambridge, is unusually heavy. The focus this year will be on the Soviet Union as it prepares for the Geneva summit meeting between President Ronald Reagan and General Secretary Mikhail Gorbachev. We expect to have a full house. What is particularly interesting is that many foreign correspondents, from offices in the United States and their home countries, will be attending.

In addition to the usual discussion of political, social and economic developments, there will be special presentations on arms control by academic specialists. The special guests from the media will be Dusko Doder, who will be returning from his post as Bureau Chief of the **Washington Post** in Moscow, Bernard Gwertzman, formerly in Moscow, now covering the State Department in Washington for the **New York Times**, and Stuart Loory, currently assigned to Moscow for Cable Network News.

This should provide a useful background to Soviet abilities and concerns as it moves into the summit discussions at Geneva.

U.S. TRADE BALANCE WITH EASTERN EUROPE

The United States continues to show a trade deficit with Eastern Europe. As a look at the figures suggest, the main explanation for that is that we have been importing large quantities of naphtha. This comes largely from Romania. However even were we to stop importing naphtha, the trade imbalance would still be very large. We import twice as much from Eastern Europe as we export to it.

see tables pp. 5-8

THE RUSSIAN RESEARCH CENTER takes no official stand on any economic or political trend. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editors, **Marshall I. Goldman and Gary Eynatian.** **RRC @ 1985**

SOVIET BALANCE OF TRADE WITH EASTERN EUROPE FOR THE FIRST QUARTER OF 1985

(in million rubles)

	Exports from U.S.S.R.				Imports to U.S.S.R.			
	1982	1983	1984	1985	1982	1983	1984	1985
Bulgaria	1105	1357	1517	1423	1134	1327	1405	1436
Czechoslovakia	1161	1421	1563	1545	1247	1341	1468	1550
GDR	1358	1641	1754	1819	1507	1607	1935	1916
Hungary	838	952	1123	1106	837	899	1005	1114
Poland	1115	1258	1369	1460	893	1187	1263	1194
Romania	346	433	499	426	432	444	452	485
	5923	7062	7825	7779	6050	6805	7528	7695
	-127	+257	+297	+84				

08/05/85
19:05:32

All items in U.S. domestic exports to EASTERN EUROPE,
1982, 1983, 1984, January-June 1984, and January-June 1985

(F.a.s. value, in thousands of dollars)

SITC Number	Description	1982	1983	1984	January-June--	
					1984	1985
0	Food & live animals	474,670	321,173	277,073	136,159	91,575
1	Beverages & tobacco	11,245	21,763	10,929	5,135	8,925
2	Crude mat'l--inedible,not fuel	206,588	254,519	323,471	212,326	103,466
3	Mineral fuels, lubricants, etc	17,399	16,201	32,415	10,644	20,927
4	Oils & fats--animal & veg prod	16,465	13,482	10,307	7,497	2,737
5	Chemicals	79,105	67,305	67,911	21,175	31,746
6	Man'd goods by chief material	23,060	25,080	22,192	13,094	11,826
7	Machinery & transport equip	107,618	85,010	75,373	31,805	47,599
8	Miscellaneous man'd articles	35,935	27,638	22,794	11,836	10,768
9	Commodities & transactions nec	24,301	44,525	41,731	22,447	21,615
	Total	996,387	876,695	884,198	472,118	351,181
	Total, all items exported to EASTERN EUROPE	996,387	876,695	884,198	472,118	351,181

Source: Compiled from official statistics of the U.S. Department of Commerce.
Note: Trade does not include special category exports.

08/05/85
20:22:28

All items in U.S. imports for consumption from EASTERN EUROPE,
1982, 1983, 1984, January-June 1984, and January-June 1985

(C.i.f. value, in thousands of dollars)

SITC Number	Description	1982	1983	1984	January-June-- 1984	January-June-- 1985
0	Food & live animals	146,570	178,045	179,369	89,525	110,780
1	Beverages & tobacco	26,604	38,617	29,818	14,874	12,598
2	Crude mat'l--inedible,not fuel	9,791	10,267	8,731	4,786	5,061
3	Mineral fuels, lubricants, etc	105,946	296,283	537,022	251,946	264,958
4	Oils & fats--animal & veg prod	453	0	3	0	46
5	Chemicals	36,886	60,557	132,758	62,075	56,212
6	Man'd goods by chief material	163,683	173,847	428,120	144,210	224,965
7	Machinery & transport equip	159,501	116,828	160,639	70,969	93,035
8	Miscellaneous man'd articles	241,235	219,945	267,158	109,073	109,453
9	Commodities & transactions nec	7,407	4,491	5,361	2,350	4,938
	Total	898,076	1,098,880	1,748,980	749,809	882,045
	Total, all items imported from EASTERN EUROPE	898,076	1,098,880	1,748,980	749,809	882,045

Source: Compiled from official statistics of the U.S. Department of Commerce.

08/05/85
19:04:42

Leading items in U.S. domestic exports to EASTERN EUROPE in January-June 1985, 1982, 1983, 1984, January-June 1984, and January-June 1985

(F.a.s. value, in thousands of dollars)

Sched B Number	Description	1982	1983	1984	January-June-- 1984	January-June-- 1985
1201400	Cattle hides, whole	61,456	65,428	88,707	42,830	46,269
1845260	Soybean oil cake and oil-cake	83,778	121,520	76,462	37,763	35,176
1754100	Soybeans, except seed for plan	84,751	125,056	143,543	130,620	30,446
1303465	Yellow corn, not donated for r	296,923	118,231	107,629	46,759	21,263
5213110	Low volatile bituminous coal a	11,180	16,145	32,211	10,575	19,154
8183900	Commodities nspf, donated for	20,489	40,648	32,769	17,790	18,155
8183100	Food products, nspf, donated f	14,437	4,876	12,980	1,559	14,662
4809500	Other fertilizers, including c	0	32	43,045	23,597	12,744
1303440	Corn seed, except sweet corn s	1,707	1,318	900	893	11,043
4807050	Concentrated superphosphate, 4	27,137	28,961	20,695	4,438	9,239
6603040	Parts, nspf, of steam turbines	0	6	7,815	0	6,176
6923350	Agricultural tractors, wheel t	0	0	0	0	5,504
6640588	Parts, nspf, of excavating mac	621	3,646	6,569	3,485	3,987
1314030	Wheat flour, except durum and	7,780	7,382	8,601	5,639	3,629
6923840	Parts, nspf, of tractors, exce	6,923	3,879	9,866	3,969	3,006
1706500	Cigarettes	3,277	6,204	5,626	3,017	2,889
1765260	Soybean oil, fully refined, do	8,756	7,672	7,617	5,110	2,564
6765560	Parts, nspf, of automatic data	5,706	4,992	5,420	2,937	2,455
1755140	Sunflower seed, except confect	0	0	18,868	6,511	2,355
5404200	Glass rods, tubes, & tubing, n	2,722	3,246	4,104	1,918	2,178
4461521	Polychloroprene (neoprene) rub	2,678	3,644	2,533	347	2,003
1704300	Leaf tobacco, nspf, including	0	2,422	1,857	57	1,923
8184000	Used wearing apparel and other	6,116	3,549	3,357	1,671	1,735
1703320	Tobacco, filler, cigarette lea	5,588	7,138	1,392	760	1,710
5213170	Anthracite coal	0	0	0	0	1,645
4861900	Herbicides, unmixed, incl plan	54	142	1	1	1,645
1155020	Nonfat dry milk containing not	3,238	10,123	5,201	2,820	1,639
8183400	Apparel privately donated (rel	3,911	5,490	6,227	2,712	1,590
4353300	Corticosteroids, nspf, bulk	810	685	2,071	1,460	1,506
1703340	Tobacco, burley leaf cigarette	1,835	5,321	2,003	1,267	1,500
	Total	661,872	597,754	658,070	360,503	269,793
	Total, all items exported to EASTERN EUROPE	996,387	876,695	884,198	472,118	351,181

Source: Compiled from official statistics of the U.S. Department of Commerce.
Note: Trade does not include special category exports.

08/05/85
20:20:57

Leading items in U.S. imports for consumption from EASTERN EUROPE in January-June 1985, 1982, 1983, 1984, January-June 1984, and January-June 1985

(C.i.f. value, in thousands of dollars)

TSUSA Number	Description	1982	1983	1984	January-June-- 1984	January-June-- 1985
4753500	Naphthas derived petroleum,-----	21,333	25,038	238,259	103,419	147,537
4756530	Liquid derivatives of----------	0	0	105,253	58,036	90,854
6076625	Plates ios not cut etc a not----	0	0	81,773	4,490	84,392
1073525	Pork hams & shouldrs, boned,----	94,408	130,753	122,609	54,134	74,643
6923290	Parts nspf of motor vehicles----	0	0	0	0	17,161
6869030	Other lamps including----------	13,463	12,490	16,077	8,424	14,439
4803000	Urea, nspf---------------------	2,332	13,317	54,971	22,310	12,874
6076610	Steel plate not alloy in-------	0	0	4,595	853	10,914
6071700	Steel wire rods no alloy not----	2,551	10,382	29,083	9,044	10,236
4752524	Leaded gasoline----------------	0	0	0	0	9,036
4806510	Ammonium nitrate---------------	0	1,039	11,145	4,720	8,748
1702800	Cigarette leaf, not stemmed,----	18,765	27,523	19,742	9,355	8,571
4752528	Unleaded gasoline--------------	0	0	0	0	8,238
4751035	Heavy fuel oils 25 deg api------	0	2,593	0	0	8,091
1104740	Pollock, skinned and boned,-----	7,664	432	0	0	7,374
7725109	Pneumatic tires, new, for-------	3,966	8,884	8,155	4,349	6,787
3359500	Other woven fabric of veg-------	13,469	6,462	14,162	6,844	6,648
6078360	Steel sheet pickled and/or------	0	654	35,496	8,243	6,376
6076730	St sheet n shpd, etc n cr n-----	0	0	3,287	739	6,171
1651500	Apple or pear juice not mixd----	560	2,612	3,185	2,805	5,174
7271500	Furniture and parts of---------	8,580	8,023	10,640	5,238	5,033
1922520	Hops, nspf---------------------	8,630	5,910	7,929	7,665	4,802
4121000	Cardiovascular drugs, except----	0	0	2,133	0	4,654
6462622	Nails etc iron/steel, smooth----	2,367	6,157	9,440	4,950	4,626
3601515	Wool floor covergs pile hand----	3,703	3,989	5,573	2,217	4,487
6682345	Printing presses, nspf---------	2,840	2,428	4,189	1,572	4,259
7004540	Footwear, leather, cement-------	22,579	23,022	15,258	6,979	4,234
7272900	Chairs, wood, nspf-------------	5,941	6,548	6,224	2,384	3,902
7002940	Footwear for work, leather,-----	4,132	5,737	6,433	3,211	3,795
6182563	Aluminum sheets and strip, n---	0	0	31,738	14,155	3,736
	Total----------------------	237,280	303,993	847,349	346,135	587,791
	Total, all items imported from EASTERN EUROPE-------	898,076	1,098,880	1,748,980	749,809	882,045

Source: Compiled from official statistics of the U.S. Department of Commerce.

NEWSLETTER

HARVARD UNIVERSITY

Vol. I, no. 1 RUSSIAN RESEARCH CENTER September 1, 1976

Industrial Production (July 1976)

Product	July 1976	% of Jan-July 1975
Petroleum (including gas condensate) [mil. tons]	44.1	106.0
	44.1	106.0
Natural gas* [bil. cu.m.]	26.2	112.0
Coal [mil. tons]	59.6	102.0
Steel [mil. tons]	12.0	104.0
Fertilizer [mil. tons]	7.4	105.0
Metal-cutting Tools [mil. rubs.]	119.0	109.0
Computer Technology [mil. rubs.]	185.0	123.0
Watches [mils]	4.8	104.0
Radios [in 1000's]	671.0	99.0
Televisions [in 1000's]	576.0	103.0
Paper [1000 tons]	442.0	103.0
Cement [mil. tons]	10.5	103.0
Meat [1000 tons]**	480.0	79.0
Motor Vehicles***	167.0	103.0
Cars [in 1000's]	104.0	103.0
Trucks	57.8	103.0
Tractors [in 1000's]	46.0	102.0

* The 12% increase in natural gas production for the first seven months of 1976 exceeds the rate attained last year at this time. It also is considerably higher than the 6.7-8.5% projected annual rate set for the 10th Five Year Plan. This means that the Soviets should have no difficulty satisfying their own needs in this area and still have resources available for export. This in turn would help their hard currency earnings. Last year, Soviet natural gas exports to the hard currency countries increased by over 40%. An increase is also expected this year.

** The 21% decline in meat production as compared with January-July 1975 constitutes a serious setback in the leadership's drive to improve the availability of consumer goods for Soviet citizens. Since the USSR achieved an 11% increase in this commodity during the same period last year, the present decline is particularly discouraging. It reflects the very large slaughter of livestock that took place at the end of last year due to the crop failure. On July 1, 1976, the pig herd had fallen to 46.5 million head, a 20% drop from what it was last year. Other livestock were similarly affected. For instance, the poultry herd declined by 13%. One consequence of this is that the Soviet Union has been importing meat and poultry products this year on a large scale; it has rarely done this in the past.

*** The 3% increase in automobile production as compared with the first seven months of last year is also running considerably below the twelve-month average increase for this product in 1975 which was 28%. The fall in rate of growth may be linked to the effort to hold down the growt of domestic petroleum consumption. Equally surprising is the insignificant increase in truck production. The Soviets had claimed in late 1975 that the new Kama Truck plant was open. The figures verify what some American exporters involved in building the plant have indicated--that the plant is indeed not open.

The other industrial products listed are achieving growth rates comparable to those attained in 1975 and except for radios are generally in line with the projections for 1976-1980.

The Russian Research Center of Harvard University is planning to publish a monthly newsletter geared to the interests of the business community. This is an experimental sample of the letter which is scheduled to appear in its finished form this Fall. Comments regarding the value of the materials printed here and suggestions as to possible additions and deletions are strongly invited. Please address all communications to Mark C. Lapman or Marshall Goldman at the Russian Research Center, 1737 Cambridge Street, (Room 111) Cambridge, MA 02138, or call either of the following numbers: (617) 495-4037 or (617) 495-4492.

First Quarter Balance of Trade (millions of rubles)

		1975	1976
CANADA	ex.	4.2	8.1
	im.	28.0	110.2
UK	ex.	95.6	187.7
	im.	84.7	122.8
FRANCE	ex.	97.7	188.0
	im.	191.6	221.1
JAPAN	ex.	139.9	141.4
	im.	345.4	377.5
W. GER.	ex.	177.2	233.7
	im.	450.9	520.5
ITALY	ex.	144.5	181.8
	im.	180.8	212.0
USA	ex.	29.3	23.1
	im.	257.8	592.1
CAPITALIST INDUSTRIAL COUNTRIES	ex.	1212.2	1536.1
	im.	2290.2	2855.7
CMEA	ex.	3126.5	3301.3
	im.	3080.2	3269.0
DEVELOPING NATIONS	ex.	736.4	852.8
	im.	924.4	689.7

The balance of trade deficit for 1975 in dollars amounted to approximately 3.9 billion. The official Soviet results for the first quarter suggest that the deficit with the "Capitalist Industrial Countries" for the whole year may be even greater than last year. However, taking the trade data for the 13 largest capitalist trading partners of the USSR, we find that indeed the Soviets are beginning to exercise some restraint. The big problem is the need to import grain. If grain imports could be held down to the levels of the first quarter last year, the Soviet Union would have a deficit that was 150 million rubles less this quarter than the deficit incurred during the first quarter last year.

At the same time, the Soviets are making great efforts to increase their exports. Based on a comparison of the first quarter of 1976 with the first quarter of 1975, the Soviet Union significantly increased its exports to Belgium, England, Denmark, Italy, Holland, Germany and France In large part this is due to a major drive to increase exports, if necessary by cutting prices. For the first 6 months of 1976 petroleum exports increased about 2 million tons (worth about $200 million) over 1975. Much the same thing has happened in West Germany. Increases in the export of natural gas has also helped the balance of trade position. See the section on Industrial production.

Currency Exchange

Per 100	Rubles (1976) Jan.	July 5	Aug. 2
Aust. s.	4.120	4.120	4.120
U.K. pound	155.000	133.000	134.000
W. Ger. mark	28.880	29.250	29.250
Can. dol.	74.960	78.130	77.900
U.S. dol.	75.800	75.600	75.600
Fr. franc	17.000	16.000	15.300
Jap. yen	.251	.253	.258
Ital. lira	.111	.089	.089
Swiss franc	28.820	30.500	30.140

In line with general market fluctuations, the Soviets have reduced the value of the Canadian dollar, French franc, and Swiss franc, and have increased the value of the Austrian shilling, English pound and Japanese yen.

The Innovation Decision in Soviet Industry, Joseph S. Berliner, MIT Press, 1976, 561 pp., $35.00

Party Secretary Brezhnev once remarked, "We must create conditions that will compel enterprises to produce the latest types of output—literally to chase after scientific and technical novelties and not shy away from them as the devil shies away from incense." This new book by Professor Berliner explores a wide range of topics concerning Soviet industry: the conditions influencing decisions of Soviet enterprises; the relations of such enterprises with government agencies and with their suppliers and customers; the prices enterprises are permitted to charge for new products; the incomes and other incentives for improving manufacturing processes and the product line. The study concludes that Mr. Brezhnev is correct—strong pressures induce management to maintain high production levels of established products and avoid the risks of innovation. Bringing about significant innovation in Soviet industry, however, would require much greater transformations in the economic system than Soviet leaders are likely to find politically and ideologically acceptable. Unless these internal obstacles to innovation are overcome, Berliner argues, the import of foreign technology will make only a minor contribution to the acceleration of technological progress.

Professor Berliner is an Associate of the Russian Research Center at Harvard. His book is available free of charge to Corporate Sponsors. For more information, contact Marshall Goldman, Associate Director, Russian Research Center.

Growing Support for Increased USSR-US Trade

According to a TASS dispatch published in Sotsialisticheskaia Industriia on July 4, increasing numbers of Americans are coming to realize in their bicentennial year the need for closer political and economic relations with the Soviet Union. The American business community is in the forefront of this movement. "Contracts have been concluded for the supply of US equipment for the Kama motor vehicle plant, for Pepsi-Cola plants, for an international trade center in Moscow and so forth."

Soviets express satisfaction in their contacts with American businessmen who seem to display a "deep interest in giving the go-ahead to economic links with our country." Receiving particular notice in this regard is Robert Kavesi, president of the Herman Corporation, who "has gained a good deal of experience in dealing with Soviet foreign trade organizations" and is presently exporting mining equipment to the USSR.

The major point of the dispatch is clear: "seat the water!" and investigate the opportunities in trade with the Soviet Union. Oppose any limitations the American government might place on this trade.

But underlying this invitation is an unmistakable anxiety regarding the real future of Soviet-American trade. This is a "presidential election year... There are heated debates in political and business circles and among the broad public about ways to overcome the manifestations and consequences of the profound economic crisis." The fact is that the Soviets are not at all confident about the intentions of American business. As might be expected, this has profound impact on their bargaining methods.

Results-Projections

The USSR Minister of Trade, N.S. Patolichev remarked recently in an interview with Izvestia that "during the tenth five-year plan the volume of foreign trade will be increased by 30-33%." During the period 1971-1975, he noted, imports of machinery, equipment and transport facilities totaled 29 billion rubles, while 24.8 billion rubles were spent on consumer goods and raw materials for their production. Purchases of complete sets of equipment were particularly important in the last five-year plan. According to Patolichev, nearly 2,000 projects in various industries were effected by such purchases. Nearly 15% of the total machinery and equipment supplied to the Soviet economy is imported. "Thanks to the Volga Motor Works, built in cooperations with Italian firms, the construction of the Izhevsk Motor Works, the reconstruction of the Leninist Komsomol Motor Works with imported equipment," an increase of 250% in the output of cars during the ninth five-year plan was accomplished. Patolichev also stressed the importance of imports in the consumer sector.

ISSUE ONE

"I've never missed an issue...
Neither has Raisa."

The bear dances a deft soft-shoe

Gorbachev's act was well rehearsed

By Marshall I. Goldman
Special to the Globe

Luckily, there is no Oscar for the Best Actor for the International Stage. Mikhail Gorbachev would probably win. After last week's brilliant performance, there can be little doubt that when it comes to communication, Gorbachev is more than a match for Ronald Reagan. That is not to take anything away from Reagan. There is probably no one on the American political scene who matches Reagan's power of persuasion and aura of sincerity. But Gorbachev seems more venturesome, even more imaginative. He even manages to convey sincerity – which is not all that easy, given that he has so much to obscure.

After his two-hour session with the editors of Time magazine and a three-hour meeting with a US Senate delegation, it is hard not to be skeptical about the timing of these meetings and Soviet protestations that they are more interested in substance than propaganda. After all, without any prior notice, the Time editors in New York were told on Saturday morning, Aug. 24, that if they could arrange it, they could interview Gorbachev two days later in Moscow. Visa and travel formalities would be no problem. In a country that makes a fetish of yearly and five-year plans, this does seem sudden – especially for those among us who have had to deal with Soviet visa and travel authorities.

However, someone in Moscow must have realized at the last minute that a Monday interview would guarantee publication immediately after the Labor Day weekend in the United States, when most Americans return from vacation and when the delegation from the US Senate would be meeting with Gorbachev. Short of an extended hurricane, Gorbachev and his message would surely dominate the news. There can be little doubt that Gorbachev and his aides have become quite skilled in manipulating the American media. Yet, there is another side to all of this, and that is the substance of Gorbachev's message. Here, Gorbachev does have some important things to say – and the challenge is to sort out the hokum from the honest. Let us look at his style first.

Gorbachev performed brilliantly. His coach was Georgi Arbatov, the director of the Institute of the USA and Canada and a member of the Central Committee of the Communist Party. Soviet specialists in this country have often debated whether Arbatov ever had any real power. We now know the answer. There he was at Gorbachev's immediate left. Moreover, the written answers to the questions, which had been submitted by Time in advance, sounded as if they had been prepared by Arbatov himself. They echoed his mannerisms and his past writings.

Then there were Gorbachev's extemporaneous comments on the issues, the big ones as well as the trivial. In one instance, he quoted Mary McGory. Since Gorbachev does not read the Washington Post or the International Herald Tribune, or English for that matter, this was obviously information that had been selected for him before the meeting and that he in turn had memorized as he quoted it word for word. But it was also clear in both the Time and senatorial meetings that he did more than memorize his material – he also absorbed and mastered it. There is reason to worry whether Reagan will be able to do as well when they meet in Geneva.

THE BOSTON GLOBE – 9/8/85

What was disappointing about Gorbachev's performance and subsequent Soviet statements, however, was that even though his advisers do represent a new and, in many ways, a welcomed style, there is much about their presentation that is outright deceitful. In the Time interview, Gorbachev innocently protested the Reagan administration's attacks on the Soviet Union. For his part, however, he insisted that the Soviet Union is "not resorting to anti-American campaign." Yet Gorbachev knows that the Soviet press and television are filled with bitter attacks and cartoons about the United States and Reagan. Admittedly, they have stopped comparing Reagan to Hitler, but, otherwise, the abuse is as distorted and as foul as ever.

Similarly, when asked Wednesday on the "Today" show if Reagan will have an equal opportunity to address the Soviet people, Arbatov coyly begged the question by protesting that he owns no Soviet newspapers. In a different context, Gorbachev, when asked why the Soviet papers make such a fuss about his visits to provincial Soviet cities, replied, apparently without a blush, that the "Soviet press can do anything!" If that is the case, why didn't the Soviet press print his words from the Time interview – "surely God on high has not refused to give us enough wisdom . . ."

Further, Arbatov also had the guile to assert "that Reagan already has spoken by radio many times to the Soviet people." Technically, that is correct – but it has been on Voice of America, which is jammed, not official Soviet radio and television.

In another instance of deceit, Gorbachev brushed aside a question about whether the Soviet Union wants to obtain advanced technology by discussing how the United States also wants such technology. He then went on to imply that a good portion of our technology is obtained by industrial espionage and also a brain drain "not only from Western Europe, but from the developing countries, as well." The best defense is an offense.

Finally, in his plea for a ban on "building models or mockups or test samples" for the Strategic Defense Initiate, he argued that such a ban is verifiable by both sides. What he ignores, however, is that it may be verifiable as long the other side doesn't jam or scramble the telecommunications – something the Soviets have frequently done.

But while complaining about Gorbachev's deceit, it would be a mistake to ignore some very real and probably sincere concerns that he expressed. There is no doubt that in his mind some of his initiatives have been offered in good faith. He has, after all, committed the Soviet Union to a halt in the placement of new missiles in Eastern Europe as well as a moratorium on the testing of nuclear weapons. It would have helped if he had acted before he had completed a big series of tests and before the Soviet Union had built up a vast nuclear superiority in missile strength – but he did act, after all.

If the United States had taken similar actions, we would also have called on the Soviets to show similar good faith. Instead, as Gorbachev correctly indicates, each of his proposals has been treated by Reagan as pure propaganda.

Gorbachev is also distressed that the summit meeting in Geneva is now being downplayed by the Reagan administration. Instead of a summit with substance, it is now being called a "get acquainted" meeting. In fact, that is what these sessions usually are, but it is understandable that Gorbachev feels the meetings are being downplayed too much.

It is also reasonable to believe that Gorbachev would like to halt the race to build a Strategic Defense Initiative (Star Wars.) He realizes that, for now, the United States would be able to outdistance the Soviet Union, even if we only complete a portion of it.

As much power as Gorbachev may have, he clearly needs more, and he is trying to accomplish as much as he can before he convenes the Communist Party Congress, which is due to meet in February 1986. This congress promises to be a major test for Gorbachev as he not only tries to introduce new reforms, but to purge large number of older party officials and put in his own supporters. Already rumors are circulating in the Soviet Union that because of his crackdown on drunkards and his shakeup of the party, Gorbachev risks assassination. (There were similar rumors that it was disgruntled party members, not a kidney ailment, that killed Yuri Andropov in 1984.)

There is little that would help Gorbachev's momentum and his impact at the February Communist Party Congress as much as a successful meeting with Reagan and at least a slowdown in the arms race. What more should he do to convince Reagan to respond? Maybe nothing will work, but to show his sincerity, Gorbachev could, for example, offer Reagan equal time with Soviet press and television.

He could also take up Reagan's offer to send a representative to our next weapons' test and in turn invite the United States to send someone to the Soviet Union when the Soviets resume their testing. That would help address the verification argument.

He could also agree to reduce the size of his arsenal in Eastern Europe and on the Soviet frontier. Since there is no comparable buildup in Western Europe, there is little cause for such a show of strength on the part of the Soviet Union.

Between now and the summit in Geneva, there will certainly be more jousting for public advantage. For our part, it would help if the Reagan administration sought to be more creative and positive than it has been. We can be honestly skeptical of Gorbachev's efforts, but the feeling persists that Reagan, or at least some of his advisers, would rather not see the meeting take place.

Unfortunately, this plays into Gorbachev's hands. Gorbachev may appear to be more forthcoming than he actually is – but it is not only the peaceniks who hope that Reagan will turn out to be more forthcoming than he appears to be.

Among his other problems, Gorbachev has an all but impossible domestic agenda, and he needs all the momentum he can generate to show that he is a leader. The Soviet economy is in a serious condition. Production keeps increasing, but slowly; and more importantly, it is producing the wrong goods. The Soviets find themselves unable to master the new high technology where the product life cycle is no more than two or three years.

In an attempt to bring the Soviet economy abreast of the United States and Japan, recent Soviet leaders have introduced some modest reforms. Gorbachev has now gone a step further and taken three factories – an automobile plant in Togliattigrad, a scientific institute in Sumy and the Saran semiconductor plant – and attempted to increase the prerogatives of the plant managers to hire and fire, spend a portion of their profits on reinvestment, pick and choose some of their suppliers and even keep some of the hard currency that they might earn.

This is bolder than similar experiences in the past, but it is still far short of what Gorbachev must ultimately do if he wants a meaningful reform. Gorbachev probably also feels that his efforts at reform would probably be facilitated if he could convince the United States to reduce its expenditures on arms or even agree to no further escalation. Gorbachev has his own military-industrial complex that is pressing for more resources, and Gorbachev, in the last paragraph of his conversation with the Time editors, allows as much.

HARVARD UNIVERSITY
Russian Research Center

William and Mary
Greve Foundation

U.S. Department of State

SOVIET AGRICULTURE: REFORM AND GRAIN SALES
WILL THERE BE EITHER?

Harvard Faculty Club
20 Quincy Street
October 21, 1985

9:45 a.m.

I. PROSPECTS FOR REFORM

a. "Aspects of Current and Future Technology on Soviet Agriculture and the Implications for the United States"
Raymond Goldberg, Harvard Business School

b. "Agricultural Reform - Not Likely"
Robert Koopman, Department of Agriculture

c. "- Not Not Likely"
Karen Brooks, University of Minnesota

II. I WORKED ON A SOVIET FARM

Dale Posthumos, 4-H Club Exchange Program and U.S. Department of Agriculture, Agricultural Attache, Moscow Embassy

III. HOW CAN WE EXPLAIN THE DROP IN LIVESTOCK HERDS?

Edward Cook, Department of Agriculture

12:00 Sherry

12:15 Lunch

1:30 IV. PROSPECTS FOR A MARITIME AGREEMENT

Jonathan Bemis, U.S. Department of State

Myron Laserson, Executive V.P., Continental Grain

V. PROSPECTS FOR GRAIN EXPORTS TO THE USSR

a. "The View from Canada"
Georgina Vitonova, Department of Federal Agriculture, Canada

b. "The View from Argentina"
Manuel Otero, Argentina Embassy, Washington

c. "The View from the United States"
W.B. Saunders, Vice-Chairman, Cargill

4:45 Adjourn

U.S. DEPARTMENT OF STATE
RUSSIAN RESEARCH CENTER,
HARVARD UNIVERSITY

WILLIAM AND MARY GREVE FOUNDATION

SOVIET AGRICULTURE: REFORM AND GRAIN SALES
WILL THERE BE EITHER ?

Monday, October 21, 1985
Harvard Faculty Club
20 Quincy Street
Cambridge MA 02138

Please enroll me as a participant

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Admission is $150.00 (one hundred fifty dollars) per participant

Please return form and check to: Marshall I. Goldman
Associate Director, Russian Research
Center, Harvard University
1737 Cambridge Street
Cambridge MA 02138 ((617) 495-4485)

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We will be happy to make hotel reservations for those who request them.

10/15/85 U2030-1

HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

Volume X, Number 2 October 8, 1985

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST EIGHT MONTHS OF 1985

Product	Aug 1985	Jan-Aug 1985	% Jan.-Aug 1985 over Jan.-Aug 84
Electricity (bil.kw.hrs)	116	1007	103
Petroleum (inc. gas condensate) (mil.tons)	50.4	396	96
Natural Gas (bil.cu.mtrs)	52.3	420	110
Coal(mil.tons)	60.4	484	101
Steel (mil.tons)	13.2	102	98
Fertilizer (mil.tons)	2.8	21.7	105
Metal-cutting tools (mil. rubles)	221	1735	110
Robots (1000s)	1.2	9.5	99.6
Computer Technology (bil. rubles)	0.3	2.7	111
Tractors (mils.)	4.4	35.0	104
Paper (mil. tons)	0.5	3.9	100.8
Cement (mil. tons)	11.4	86.3	99.4
Meat (mil. tons)	0.8	6.3	103
Margarine (1000 tons)	90.0	864	97
Watches (mils.)	5.8	44.8	100.2
Radios (mils.)	0.7	5.7	93
Televisions (mils.)	0.8	6.2	103
Automobiles (1000s)	112	884	99.9

PRODUCTION RESULTS FOR THE FIRST EIGHT MONTHS OF 1985

It may not be enough to be meaningful, but in August, oil production did not drop at the same rate at which it had been dropping earlier. Production dropped by 3% rather than the 4% that had been recorded in almost every month prior to August. The overall drop for the eight months remains at 4%, but at least the marginal rate of change is not increasing as it did in June, indeed it decreased. This may be a consequence of the discipline campaign of General Secretary Gorbachev. There is still reason to believe that he is worried about oil production. That's reflected in the fact that he visisted the Tiumen oil fields in early September.

The discipline campaign also seems to be having a continuing impact in other sectors of the Soviet economy. For example, steel production in August 1985 compared to August 1984 rose 2%. For the year as a whole, production is down by 2%. The August results must therefore be particularly encouraging.

Similarly, the coal production is up 4% for the month, an unusually high increase given the problems that have hit the coal industry for the last several years. This is enough to push overall coal production for the first eight months of the year up by 1%. This is certainly encouraging news.

BALANCE OF TRADE FOR THE FIRST HALF OF 1985

See accompanying Table I on p. 4

The Soviets apparently continued to curb the export of petroleum and natural gas during the first half of 1985. Their total exports to Western Europe and Japan during the first six months of 1985 fell by about 1.7 billion rubles. That is a very sharp drop. Exports were reduced in particular to the major oil and gas importing countries such as Italy (500 million rubles), the Netherlands (300 million rubles), West Germany (almost 500 million rubles), and France (250 million rubles). Such a large drop in exports meant that a country like France which had been complaining bitterly about its negative trade balance with the Soviet Union ended up with a positive trade balance for the first half of 1985. West Germany came close to balancing its trade as well.

At the same time, the Soviets continued to import large quantities of grain so that for the first half of 1985, its imports from the United States rose approximately 500 million rubles, almost all of which was grain and particularly corn. The overall effect of this trade shift is that the positive trade balance which the Soviets had had with Western Europe and Japan for the preceeding three years was turned into a deficit of about 600 million rubles. For the hard currency countries considered here as a whole, the trade deficit was 2.7 billion rubles.

A trade swing of this magnitude undoubtedly hurts the Soviets. There were reports that during the third quarter of this year, they had again announced a cutback in petroleum exports. That may be part of a Soviet strategy to boost petroleum prices. However, that has certainly given the Soviets a very significant balance of trade problem.

U.S. - SOVIET IMPORTS FOR THE FIRST SIX MONTHS OF 1985

The trade figures for the first six months indicate that the Soviets are in serious need of corn. Imports of corn from the United States were almost double what they were in the first half of 1985 compared to 1984. In turn, 1984 was considerably higher than 1983. It looks like the Soviets were unable to obtain alternate supplies from Argentina and some of the other suppliers which it had begun to utilize after the U.S. embargo in 1980.

Even though agricultral specialists in the U.S.D.A. have indicated that the livestock situation in the Soviet Union is not as serious as we have indicated in this newsletter, it does look like the Soviets are making an extra effort to bring in corn, which presumably would be used to prevent further drop in the livestock herds.

Another feature worth noting in the trade figures is the relatively large increase in cotton exports from the United States to the Soviet Union that occurred in 1984 and continued at a considerably slower rate in 1985. This is a reflection of the fact that the Soviets have been having considerable difficulty with their cotton crop in Uzbekistan. That's partly due to the weather and also due to corruption. In any case, there was a significant increase in cotton imports from the United States beginning in 1983. It looks like they have not completely eliminated that problem. Imports from the United States are all the more notable given the fact that the Soviets have traditionally relied heavily on cotton exports.

See accompanying Tables II & V on pp. 5-7.

CORPORATE SPONSOR SEMINAR ON AGRICULTURE

Soviet agriculture, the prospects for its reform, and the Soviet need for grain imports will be the topics discussed at this year's first Corporate Sponsor session of the academic year.

It will be held in Cambridge on Monday, October 21, at the Harvard Faculty Club, 20 Quincy Street, in Cambridge.

Representatives from some of the grain companies will present their views of the grain market. We also expect to have specialists and officials from the Department of Agriculture as well as some traders from other grain growing countries. Of particular interest will be the representatives from Canada and perhaps Argentina. In addition, we will have a speaker who actually worked on a Soviet farm as part of a 4-H exchange agreement and who will just be returning from a tour of duty as agricultural attache in the U.S. Embassy in Moscow.

It may not be too late to sign up for this conference, depending on when you receive this newsletter. Call us at 617-495-4485 if there's still time and you're interested.

LIVESTOCK HERDS (Millions)

	9/1/84	9/1/85	8/1/85 as % of 8/1/84	9/1/85 as % of 9/1/84
Cattle	97.0	96.9	100.0	99.9
Cows	29.8	29.6	99.3	99.3
Hogs	62.6	60.3	96.1	96.3
Sheep & Goats	132.4	128.7	97.1	97.2
Chickens	774.7	803.1	102.1	103.7

The livestock herds as of September 1, 1985 continue to be below what they were a year ago. The major exceptions are chickens. The drop is not as large as it was as of August 1, 1985 but the Soviet herds do continue to be smaller than they were a year ago. The hog production is down by almost 4% although hogs seem to be the most expendable animal and the one that the Soviets always cut back on first when there is a grain shortage.

CURRENCY FIGURES

Rubles Purchased Per 100	Sept 1984	Aug 1985	Sept 1985
Austrian shilling	3.98	4.15	4.04
U.K. pound	107.46	112.76	111.29
W. German mark	27.95	29.19	28.49
U.S. dollar	84.55	81.30	83.05
French franc	9.11	9.55	9.36
Swiss franc	33.73	35.33	34.59
Japanese yen	.344	.342	.342
Italian lira	.0454	.0435	.0427

According to the report released by Gosbank SSR as of September 16 1985, all of the currencies listed above varied only slightly from last month's figures.

There is no significant change worth noting. There was a slight decline or lack of change for all of the above currencies except the U.S. Dollar which increased slightly in value relative to the ruble. It will be interesting to note whether or not the dollar decreases next month as it has declined recently.

JOURNALIST ORIENTATION A SUCCESS

The conference "Orientation for Journalists," held September 23, 1985, at the Harvard Faculty Club, was a big success. The focus this year was on the Soviet Union as it prepares for the Geneva summit meeting between President Ronald Reagan and General Secretary Mikhail Gorbachev. We had a full house. Particularly interesting was that many foreign correspondents, from offices in the United States and their home countries attended.

The discussion of political, social and economic developments, and special presentations on arms control by academic specialists should surely help those journalists who attended be better informed about the issues and climate which will dominate the proceedings in Geneva.

The special guests from the media Dusko Doder of the Washington Post, Bernard Gwertzman of the New York Times and Stuart Loory from Cable News Network were particularly helpful in presenting a picture of the often difficult conditions under which journalists covering the Soviet Union work in order to get the information which they need to educate their audiences. Mr. Doder and Mr. Loory who both recently returned from Moscow, and Bernard Gwertzman, formerly in Moscow, now covering the State Department in Washington are to be commended for the roles which they play in trying to keep the American public informed despite frequent difficult conditions.

We certainly hope that the conference provided a useful background for journalists on U.S. Soviet capabilities and concerns as we move towards the summit discussions in Geneva.

--Gary Eynatian

THE RUSSIAN RESEARCH CENTER takes no official stand on any economic or political trend. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editors, **Marshall I. Goldman and Gary Eynatian.** **RRC @ 1985**

TABLE I

BALANCE OF TRADE - 1st HALF OF 1980, 1981, 1982, 1983, 1984 & 1985.

(Million Rubles)

	EXPORTS FROM THE USSR						IMPORTS TO THE USSR					
	1980	1981	1982	1983	1984	1985	1980	1981	1982	1983	1984	1985
Austria	280	392	346	271	381	370	160	258	251	380	481	403
Belgium	401	249	530	501	577	384	176	268	329	305	271	298
Great Britain	320	349	416	502	691	549	516	631	354	369	395	392
Greece	187	350	275	173	224	238	44	71	78	93	64	69
Denmark	122	74	199	157	153	132	39	151	42	42	51	51
Spain	104	156	77	148	163	299	67	323	101	148	152	102
Italy	893	1066	1362	1446	1503	1019	429	498	592	793	679	659
Netherlands	567	430	715	895	727	402	178	344	217	314	132	158
Norway	27	28	37	30	50	56	39	58	34	53	46	39
Germany	1067	1207	2059	1614	2314	1864	1603	1586	1525	1893	1726	1680
France	930	1082	1168	1140	1238	990	937	922	727	973	907	1006
Switzerland	173	90	181	257	187	182	205	291	224	211	196	283
Sweden	142	93	159	293	293	235	132	207	207	145	132	177
Japan	471	407	390	388	409	456	907	1168	1532	1237	1036	1245
SUBTOTAL	5693	5973	7914	7815	8910	7176	5432	6733	6213	6956	6268	6562
Sub-Balance of Trade							-261	-760	+1701	+859	+2642	-614
U.S.A.	87	57	76	132	139	147	764	892	1672	878	1272	1764
Canada	15	28	14	19	9	8	321	489	554	651	388	408
Australia	3	8	6	3	6	11	441	381	411	278	312	402
New Zealand	1	2	3	1	3	2	115	96	166	108	31	51
Argentina	20	23	15	15	14	23	590	1060	840	798	727	769
Brazil	12	5	90	6	68	27	139	384	275	281	228	169
TOTAL	5831	6096	8118	7991	9149	7394	7802	10035	10131	9550	9226	10125
Balance of Trade							-1971	-3939	-2013	-1959	-77	-2731

TABLE II

08/05/85
19:05:19

All items in U.S. domestic exports to USSR,
1982, 1983, 1984, January-June 1984, and January-June 1985

(F.a.s. value, in thousands of dollars)

SITC Number	Description	1982	1983	1984	January-June-- 1984	January-June-- 1985
0	Food & live animals	1,642,161	1,194,970	2,585,083	1,032,085	1,288,510
1	Beverages & tobacco	2,979	874	1,264	79	967
2	Crude mat'l--inedible,not fuel	214,249	264,583	224,263	140,546	76,927
3	Mineral fuels, lubricants, etc	90,013	22,571	30,045	13,793	29,979
4	Oils & fats--animal & veg prod	40,565	21,507	38,872	29,006	52,041
5	Chemicals	287,846	239,398	208,219	98,222	119,832
6	Man'd goods by chief material	25,961	29,755	16,573	10,428	4,939
7	Machinery & transport equip	225,458	149,452	110,221	64,723	61,435
8	Miscellaneous man'd articles	59,129	76,422	65,908	25,397	33,907
9	Commodities & transactions nec	614	2,419	2,205	1,073	995
	Total	2,588,975	2,001,951	3,282,652	1,415,353	1,669,534
	Total, all items exported to USSR	2,588,975	2,001,951	3,282,652	1,415,353	1,669,534

Source: Compiled from official statistics of the U.S. Department of Commerce.
Note: Trade does not include special category exports.

TABLE III

08/05/85
20:21:49

All items in U.S. imports for consumption from USSR,
1982, 1983, 1984, January-June 1984, and January-June 1985

(C.i.f. value, in thousands of dollars)

SITC Number	Description	1982	1983	1984	January-June-- 1984	January-June-- 1985
0	Food & live animals	5,413	18,054	17,415	6,845	2,947
1	Beverages & tobacco	11,000	12,923	9,997	4,008	4,588
2	Crude mat'l--inedible,not fuel	10,049	12,075	19,353	8,992	6,697
3	Mineral fuels, lubricants, etc	10,946	59,158	202,563	41,267	74,609
4	Oils & fats--animal & veg prod	6	1	12	2	21
5	Chemicals	131,374	161,121	235,014	126,994	128,883
6	Man'd goods by chief material	63,349	91,304	107,794	55,478	39,004
7	Machinery & transport equip	1,624	3,750	2,874	1,155	1,970
8	Miscellaneous man'd articles	9,156	6,381	4,566	2,735	1,852
9	Commodities & transactions nec	5,277	2,341	2,494	953	1,666
	Total	248,195	367,107	602,081	248,429	262,237
	Total, all items imported from USSR	248,195	367,107	602,081	248,429	262,237

Source: Compiled from official statistics of the U.S. Department of Commerce.

08/05/85
20:07:26

TABLE IV

Leading items in U.S. imports for consumption from USSR in January-June 1985, 1982, 1983, 1984, January-June 1984, and January-June 1985

(C.i.f. value, in thousands of dollars)

TSUSA Number	Description	1982	1983	1984	January-June-- 1984	January-June-- 1985
4806540	Anhydrous ammonia	100,719	96,661	156,240	74,700	72,537
4803000	Urea, nspf	11,504	43,701	52,408	40,519	42,278
4751015	Light fuel oils a tcr 25deg	0	51,474	177,684	41,267	32,939
4750535	Heavy fuel oils un 25 deg	32	0	9,494	0	21,130
6050260	Palladium, palladium	25,028	42,067	59,598	32,459	19,882
4752524	Leaded gasoline	0	0	0	0	11,798
4753500	Naphthas derived petroleum,	0	0	0	0	8,739
4017415	Ortho-xylene	0	0	4,015	984	5,197
6050270	Rhodium, rhodium content	3,482	2,111	3,683	2,038	4,834
4011000	Benzene	0	0	3,233	0	3,381
6181000	Aluminum waste a scrap	0	0	4,892	1,161	3,005
6050220	Platinum sponge platinum	3,971	3,006	2,960	965	2,872
1241045	Sable furskins, whole, raw	7,196	7,861	9,848	4,159	2,398
1693800	Vodka in containers not over	7,948	10,838	7,736	3,172	2,349
1143000	Crabs fresh chilled frozen	2,148	12,921	15,478	5,697	2,260
4017420	Para-xylene	0	0	1,151	0	2,149
6063546	Ferosilicon cont ovr 30%	0	3,300	1,591	1,574	2,082
1693700	Vodka in containers not over	2,364	1,375	1,871	653	2,027
6050750	Palladium bars plates etc	1,694	4,357	15,186	8,875	1,896
2401440	Plywood, birch face not face	1,795	2,990	3,298	1,997	1,574
2452020	Hardboard, not face finished	2,590	2,150	2,576	2,226	1,209
6180650	Unwrought alloys of aluminum	219	143	7,687	0	1,035
4016400	Pseudocumene	0	0	1,304	419	912
2451000	Hardboard, n/face-finished	679	1,237	2,316	683	891
6180200	Unwrght aluminum nspf, other	0	27	0	0	789
4012600	Cumene	0	1,546	542	542	590
6923406	Tractors, wheel ex gardn new	8	870	819	385	525
6532200	Metal coins, nspf	6,109	408	168	57	510
2452010	Hardboard w/pressed surface	136	202	0	0	466
7650300	Paintings, pastels, drawings	117	3,107	2,021	1,956	456
	Total	177,739	292,351	547,802	226,489	252,710
	Total, all items imported from USSR	248,195	367,107	602,081	248,429	262,237

Source: Compiled from official statistics of the U.S. Department of Commerce.

08/05/85
17:55:25

TABLE V

Leading items in U.S. domestic exports to USSR in January-June 1985, 1982, 1983, 1984, January-June 1984, and January-June 1985

(F.a.s. value, in thousands of dollars)

Sched B Number	Description	1982	1983	1984	January-June--	
					1984	1985
1303465	Yellow corn, not donated for r--	818,768	390,915	1,389,842	637,776	1,113,127
1306540	Wheat, unmilled, not donated f--	802,182	800,584	1,170,572	392,030	139,694
4807025	Phosphoric acid, 65% or more a--	268,485	214,810	186,400	87,674	110,166
3001060	Cotton, not carded, not combed--	67	61,338	148,668	101,488	55,863
1454300	Almonds, shelled, not blanched--	10,043	2,341	24,501	2,112	34,367
7905510	Pressure sensitive tape with a--	36,095	58,650	54,920	20,273	27,865
1765220	Soybean oil, crude, including---	0	0	0	0	27,175
1775640	Tallow, inedible----------	17,887	21,505	29,745	19,879	19,057
6923840	Parts, nspf, of tractors, exce--	17,195	14,628	11,887	7,570	12,030
5175120	Petroleum coke, calcined-------	34,269	3,125	8,178	4,950	11,873
4461561	Synthetic rubber, not containi--	0	8,191	14,357	5,678	8,288
3001550	Other cotton having a staple l--	0	10,885	18,739	0	7,713
6640230	Integral tractor shovel loader--	15,753	0	0	0	6,087
4754580	Lubricating oils, nspf, except--	13,024	10	1,630	0	5,974
1775620	Tallow, edible----------	0	0	0	0	5,809
5176100	Electrodes, carbon or graphite--	1,569	1,197	1,609	1,355	5,268
4461521	Polychloroprene (neoprene) rub--	3,790	4,027	2,799	568	4,846
4754555	Insulating or transformer oils--	27,928	13,923	16,449	8,832	4,774
4754520	Automotive, diesel and marine---	10,786	5	1,255	10	4,625
6641074	Pipehandlers----------	0	0	0	0	4,574
6603040	Parts, nspf, of steam turbines--	1,946	1,943	2,742	1,946	3,160
6617065	Industrial machinery for treat--	0	0	298	0	2,795
4756781	Mixtures of hydrocarbons, nspf--	3,885	5,501	2,529	0	2,730
6745430	Parts, nspf, for metal-cutting--	1,892	277	730	120	2,179
6923820	Parts, nspf, of tracklaying tr--	25,651	16,220	12,863	8,461	2,171
6922985	Parts, nspf, of motor vehicles--	5,721	1,675	2,787	2,170	1,995
7714900	Film, strips and sheets of pol--	0	0	582	442	1,612
4744160	Industrial varnishes----------	2,220	3,362	2,925	1,091	1,457
6640513	Drilling and boring machines,---	1,512	1,757	3,656	2,380	1,440
6640576	Front-end loader attachments f--	119	385	976	0	1,326
	Total----------	2,120,787	1,637,254	3,111,640	1,306,807	1,630,042
	Total, all items exported to USSR----------	2,588,975	2,001,951	3,282,652	1,415,353	1,669,534

Source: Compiled from official statistics of the U.S. Department of Commerce.
Note: Trade does not include special category exports.